FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

Opec strives to achieve stability, Page 14

No. 30,065

Business summary

Dassault

first ever

job cuts

makes

Thursday October 23 1986

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World news

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US arms proposals endorsed by Nato

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Belgium Carecte Cyprist Dannar

Nato defence ministers papered over alliance differences on the future course of arms control and endorsed US negotiating proposals presented to the Soviet Union in

At the close of a Nuclear Plan-ning group meeting in Gleneagles, Scotland, Nato as a whole for the dustrial 1,808.35. first time stressed that there should be a link between reductions in meum and short range missiles in Europe. Page 16

Mock Israeli raid

Israeli fighters staged a mock air strike over southern Lebanon after the Shia Moslem movement Amal said it was holding an Israeli air-man captive. Near Tyre, Shia militiamen clashed overnight with Pal-estinian guerrillas at a refugee camp.

PLO factions meet

Five Palestine Liberation Organisation factions began talks in Tunis aimed at settling their differences and preparing a meeting of the PLO parliament-in-caile. In Beirut, an unknown Palestinian group said it was responsible for blowing up a PLO official in Athens on Tuesday.

Machel funeral

President Samora Machel, whose body has been brought back to Mozambique from South Africa, will be given a state funeral on Tuesday. Page 4

Vote for sanctions

European Parliament voted to approve a sweeping resolution seeking the immediate imposition of compulsory and comprehensive sanctions on South Africa. The vote represents the parliament's stron-gest expression of opinion on South Africa but it has no legislative au-, thority, Sevimbi puts case, Page 4

Indian reshuffie

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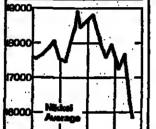
Prime Minister Rajiy Gandhi has dropped his cousin Arun Nehru from the Government as part of a

DASSAULT-BREGUET, French state-controlled aircraft manufacturer, has been forced for the first time to make job cuts - expected to involve about 700 workers - in the face of insufficient new orders.

WALL STREET: The Dow Jones industrial average closed 2.67 up at 1,808.35. Page 42

LONDON: Gilts showed some strength, but equities reversed ear-ly gains and the FT Ordinary index ended down 2.6 at 1262.4. Page 42 **TOKYO:** Prices fell sharply and the

Nikkei average closed 386.22 to end at 15,819.55. Page 42



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1986 **DOLLAR** fell in London to DM

5000

1.9845 (DM 1.9880); FFr 6.50 (FFr 6.51), but rose to SFr 1.6300 (SFr 1.6295) and Y155.80 (Y155.15). On Bank of England figures the dol-lar's index fell to 109.3 from 109.5. Page 35

STERLING fell \$0.5 in London to \$1.4315. It also fell to DM 2.8400 (DM 2.8550); FFr 9.3050 (FFr 9.3525), but rose to SFr 2.35 (SFr. 2.34) and ¥223.00 (¥222.75). The pound's exchange rate index fell 0.2 to 87.6. Page 35

GOLD fell \$1.5 to \$423.75 on the London builion market. It also fell tenday announced that it would cut in Zurich to \$424.25 from \$425.05. of exports by 10 per cent for two

Page 34 AMOCO, the large US oil group, suffered a sharp fall in third-quar-ter earnings to \$175m or 68 cents a ter earnings to \$175m or 68 cents a

Gorbachev expels US envoys as bitterness grows

BY PATRICK COCKBURN IN MOSCOW AND LIONEL BARBER IN WASHINGTON

pelled five American diplomats and banned 260 Soviet staff from work-ing for the US missions in retalia-tion for the expulsion of 55 Soviet diplomats from the US. propriate response to Moscow's ac-Mr Mikhail Gorbachev, the So-

viet leader, described the expulsion But he drew attention to the State Department's announcement on Tuesday that the principle of of diplomats in the US as "an action which, to a normal human mind, is

which, to a normal human mind, is outrageous," but he did not elabo-rate. In his bitterest and most personal attack yet on the US Administra-tion, he accused it of distorting the results of the Reykjavik summit. He said they showed the US Gov-ernment was unperdictable and had no desire to maintain a friendly at-mosphere in which to negotiate. Mr Gorbachev said it was not clear whether "the President can-not cope with his entourage who embassy in washington and from violates would not be so anxious to its mission at the United Nations withdraw them. were aimed at reducing Moscow's The Soviet Foreign Ministry intelligence capability. Referring to the withdrawal of Soviet personnel Washington by accepting its ceiling in Moscow, he said. "It looks like on numbers of diplomats. It also be-the Soviets have taken a third step invaries that the US will find it diffi-cult to protest accent accent to prove the second to the source of the second to the s

not cope with his entourage who breathe hatred towards the Soviet Union," or whether President Rea-

Union, or whether President Rea-gan himself held such opinions. Earlier yesterday Moscow an nounced the execution of Mr Adolf Tolkachyov, a Soviet research worker accused of being a spy working with agents at the US em-bassy in the Soviet capital. In Washington, the White House make it clear that it mean likely to real in another round of tit-for-tat expul-in another round of tit-for-tat expul-in Soviet spokesman denied the sons, However, Mr Gerasimov agents who should be replaced. The Soviet retatiation, though ex-pat, notably during the so-called Moscow and one from Lemingrad, is spy dust crisis in 1985, local Soviet inconvenience to the US but with-ment officials of being espionage out becoming immediately involved sions, However, Mr Gerasimov wared that Moscow was prepared in convenience to the US than US di-continuence of the US than US di-for this.

made it clear that it was likely to re- for this. taliate in the escalating diplomatic Describing the US expulsion of 55 expulsion row which threatens to undermine the efforts to reach an step" taken immediately after the

BY PATRICK COCKBUHN IN MUSCUW AND LIGHT Revealed in the superpowers. THE SOVIET UNION last night ex-pelled five American diplomats and banned 260 Soviet staff from work-ing for the US missions in retalia-tion for the averaged of 55 Soviet the US was still considering an apes in each others countries embassi

ing above 15 per cent. Reliance's stake is just more than 10 per cent, the level at which Mr Steinberg would be held at the ceiling announced by the US. "Let us draw the line now," Mr agreed to keep it after buying into

"Let us draw the line now," Mr Gerasimov said, "otherwise this will go on indefinitely." Criticisms what he described as spy mania in the US, he said that if the Soviet em-ployees of US facilities in the Soviet Union included a Mata Hari or James Bond figure the Soviet au-thorities would not be so anglous to withdraw thom. the group last year. The development drew a sharp reaction from Mercury yesterday and led to a steep rise in its share price in late dealing.

towards that goal cult to protest against the removal The Soviet retaliation, though en- of all Soviet staff because in the

Continued on Page 16

Nato endorses US proposals, Page 16

Norway backs Opec with 10% cut in oil exports

BY RICHARD JOHNS IN GENEVA AND MAX. WILKINSON IN LONDON

THE Norwegian Government yes back later with Brent crude closing to continue the two-month pact terday anounced that it would cut at \$14.20 a barrel yesterday com which came into operation in Sepciled to the fact that a long-term

share from \$490m or \$1.87 in the The cut will remove about 80,000 barrels a day or % per cent of Opec

which came into operation in Sep-tember, albeit in revised form. pared with \$14.40 previously. A new short-term agreement was expected and the markets had become recon-The new limit for the collective

production of 12 of the 13 members was raised by 200,000 barrels a day from an average of 4.8m b/d to 5m b/d for the rest of the year. Iraq repact was unlikely to come out of this meeting.

Reliance to raise stake in Mercury By David Lascelles in London

MR SAUL STEINBERG, chairman

of the Beliance Group of the US, has torn up his one-year-old stand-still agreement with Mercury Inter-

intention to raise his stake to the UK financial services concern,

In a notification to Mercury, Rel-

ced his

national Group and annou

still agree

merchant bank.

UK may drop M3 monetary growth target

BY PHILIP STEPHENS IN LONDON

THE BRITISH Government may Strategy (MTFS), updated at the abandon a formal target for the time of the budget, would then be growth of sterling M3, the broad published without the usual target range for broad money over the pext financial year. next mancial year. Sterling M3 comprises the bank-notes and coins circulating in the economy and deposits placed by companies and individuals with the

THE BRITISH Government may abandon a formal target for the growth of sterling M3, the broad money supply measure once at the centre of its anti-inflation policy. Mr Robin Leigh Pemberton, the Governor of the Bank of England, said the process of rapid financial innovation and change in the econo-my once the past few wears had subwhich includes the S. G. Warburg iance says it will increase its holdmy over the past few years had subbanks. A target growth rate for the measure was first adopted in the late 1970s by the Labour Governntially weakened the case for seeking to impose rigid limits on liquidity and credit. the rate of inflation. The present Government made progessively declining target ranges for sterling M3 the centre-piece of the MTFS, which it intro-duced when it came to power in

The Bank is clearly anxious, how-ever, that such a move should not be interpreted as a weakening of its resolve to hold down inflation. Mr Leigh Pemberton insisted that if

Mercury said in a statement that Refance had earlier agreed to re-spect Mercury's wish to remain "in-dependent with no dominant share-holder. This continues to be the Leigh Pemberton insisted that if the sterling M3 target is dropped, the Bank would still pay close at-tention to the measure's perfor-mance in setting interest rates at kevels to maintain downward presview of the board of Mercury. Board members were said to be dis sure on inflation. The Bank Governor, who was mayed that Mr Steinberg, known for his activities as a corporate raidspeaking at Loughborough Univers-ity, said that he would discuss with Mr Nigel Lawson, the Chancellor, er, had unilaterally gone back on his agreement without consulting

the company beforehand. The standstill agreement dates from last November 25. It bound Mr Steinberg to limit his interest in Mercury to 10 per cent. Although i had no legal force, the under-standing at Mercury was that both sides would consult if they wanted to change the terms.

The notification from Reliance, which is dated October 20, says that which is dated October 20, says that the company intends to purchase, through a subsidiary and subject to availability and price, more Mercu-ry shares so as to increase its hold-ing to over 15 per cent. It does not say whether Reliance had already bought any additional shares and last night it appeared that it had not. not.

The notification was required by US anti-trust legislation. Mr David Scholey, Mercury's chairman, said there had been no other contact between the two companies and he did not know whether he would be

an not know whether he would be speaking to Mr Steinberg. Mr Steinberg has never publicly discussed his aim in buying into Mercury. His reputed interest in sbort-term profits has encouraged the wiser in the City of London that the view in the City of London that

has ap-Nov proached the bourse since 1984. Mr Edouard de Royere, the chair at a sizable discount on L'Air Liman of the French group, said the quide's bourse price which has av-Big Three acquisition, the biggest eraged FFr 7 US takeover by a French company three months. eraged FFr 753 during the last after Elf-Aquitaine's takeover of The US financing will involve a Texasgulf, would be financed by the seven-year credit line negotiated French parent company for about with a group of US and internation-French parent company for about with a group of US and internation-\$800m and by its US subsidiaries al banks and which will not be guar-American Air Liquide and Air Li-quide International Corporation for the balance of nearly \$500m. Continued on Page 16

mal target for Mo. announce sterling M3's demise in his budget speech early next year. The Medium Term Financial

Last year the authorities gave up on attempts to control sterling M3 through selling more glitedged stocks than were needed to fund later this year whether to dispense with the official target for what has traditionally been the most closely watched measure of the money supthe Government's borrowing, al-though the Bank pressed for a new If sterling M3 is dropped it re-The expectation in government circles is that unless there are signimains unclear whether the authori-ties will continue to publish a forficant new developments over the next few months, Mr Lawson will

Details, Page 11; Editorial ant, Page 14

ment as part of its effort to reduce

Since then, however, the growth

shot the official targets, and the em-phasis of official policy has switched to monitoring the ex-

change rate and the narrow money

supply measure, Mo.

L'Air Liquide plans FFr 2.7bn rights

BY PAUL BETTS IN PARIS

L'AIR LIQUIDE, the leading The French part of the financing French industrial gases group, an- will involve the FFr 2.7bn rights is-nounced yesterday a FFr 2.7bn sue as well as some additional fi-

(\$415m) rights issue to finance a nancing from each flow or credit substantial part of its \$1.06bn acqui-lines. The equity-raising operation sition of Big Three Industries of the involves the issue of 6,771,024 new shares at FFr 400 each to be offere

This is one of the largest equity-raising operations made by a pri-vate French group and marks the The subscription period starts on

ritie reshuffle of his Cabinet and gress I party team. Page 4

France expels 1,700

) ₩÷ French Security Minister Robert Pandraud said more than 1,700 foreigners had been expelled in the past six weeks as part of the conserdor vative Government's crackdown on illegal immigrants.

Bonn terrorism drive

her The West German Government, in a move to crack down on terrorist attacks, plans to rush through parl-iament new legislation offering milder sentences or immunity to crimizzei. nals who testify against their ac-complices. Page 3

N-plant approved

enti The European Commission approved the new French nuclear wer station at Cattenom near the e Bi Germany despite strong opposition from the two countries.

Southern Africa link

世 A key fund-raising effort begins in Brussels today to find \$185m for the "Beira corridor" - the crucial pipe-line and rail link between Zimr the habwe and the Mozambique coast.

pour. Macao future

China and Portugal said that "substantive issues" had been discussed in a third round of talks on the fu-Page 16 W

Booker Winner

novel about elderly alcoholics in Page 22 South Wales.

JOHNSON & Johnson, leading US maker of health-care products, an-nounced a strong third-quarter advance in profits and revenues. Page 17

ber oil producers to cut production by as much as 400,000 b/d in re-ANY ATTEMPT by the British Govsponse to the latest agreement.

ernment to prevent citizens of other EEC countries from buying shares in British Airways or any other privatised company could fall foul of the Treaty of Rome, members of coolly received by the oil markets. After a small initial rise, prices fell

the European Parliament said. COMSAT, US communications satellite group, plans to refocus its business on military and civilian work for the US Government and on private satellite systems for US business following its merger with Contel, the US telephone company.

Page 17

BANCO Hispano Americano Spain's third largest bank, reported borders with Luxembourg and West a 145 per cent increase in consoli-Germany despite strong opposition dated income before taxes for the half year compared to the same pcriod in 1986, Page 20

HYUNDAI Motors, the South Ko-rean car maker, aims to double its UK sales over the next two years. Page 10

CARLING O'KEEFE, the Canadian brewing, energy and sports promotions group controlled by Rothmans of Pail Mail, has declined to give a reason for the sudden resignation

of chairman Roderick McInnes. Page 18 ture of Macao, the tiny Portuguese-administered territory west of new car sales, grew by 24 per cent Hong Kong. Economic boom, in the third quarter, according to US ECONOMY, buoyed by strong preliminary Commerce Department figures. Page 6

HAMMERSON, the British proper-British writer Kingsley Amis won ty group with extensive internation-the Booker Prize, Britain's top fio-tion honour, with The Old Devils, a half pre-tax profits to £22.2m ty group with extensive internation-(\$31.8m) from £17.5m last year.

- CONTENTS -

barrels a day or ½ per cent of Opec production from the market alan Gove pledged to cut exports only if Opec reached an accord. It produces 900,000 barrels a day from its sector though the oil will be refined and stored. However, senior Opec del-egates said in Geneva yesterday of the North Sea and had promised to consider limiting future inthat they expected other non-memcreases in production .

Mr Art uro Hernandez Grizanti, the Veneznelan Oil Minister, flew The Opec agreement announced from the Geneva meeting to Oslo in the early hours of yesterday was yesterday for talks on the oil mar-het.

The latest Opec agreement aims

ment but is likely to account for no more than 2m b/d. The outcome of the marathon

conference lasting 2% weeks was a clear victory for Kuwait and Saudi Arabia. As delegates dispersed, it was clear that they had largely dictated its duration and result in a campaign primarily aimed at as-

serting the primacy within Opec of the Arab producers of the Gulf. Feature, Page 14

scale takeover. On the other hand, he did not use the opportunity of a

near doubling of the Mercury share price this summer to take any prof-

Mr Steinberg's latest move comes only days before next Monday's Big Bang in which Mercury is deeply involved as one of the largest of the new banking-securities conglomerates formed to take advantage of UK financial deregulation.

6

GM to cut production after operating loss of \$338m

BY TERRY DODSWORTH IN NEW YORK

GENERAL MOTORS, the largest US car company, is planning to close several of its US plants in a round of streamlining measures prompted by its flagging profitabili-ty and declining market share. The cuts were announced yester-day in a grim third quarter earn-ings neport which showed that GM ran into heavy operating losses of \$338.5m on car manufacturing dur-ing the three months. GM said that an intensive review of costs had led an intensive review of costs had led GM to launch its exceptionally

an intensive review of costs had led GM to launch its exceptionally to the closure plan which will in-chude both assembly operations and metal fabricating facilitics, by the end of next year. It did not say how many factories or workers would be affected. In addition, the group noted its recently announced decisions to re-structure its GM Holden operation in Austrealia and to sell its South Af-engaged in a similar sales incentive rican business, part of an "aggresrican business, part of an "aggres- campaign. sive" plan to bring about competi- At the net level, GM earned

At the het isvel, GM earned tive improvement. The coming weeks, employees third quarter, compared to \$517m, at the affected operations in the US or \$1.53 a share, in 1985. The net fig-will be netified, and we shall then ures, which were largely in line be in a position to provide addition- with Wall Street expectations, al detail on planned changes in our showed a profit because of the coa-

Discussions between Flat of Italy and General Motors of the US, about possible joint efforts in the European car market have ended without agreement.

Talks between the two groups which have been held mainly at the technical level, have continued sporadically for several months. At one point the two car makers also hoped to pool their operations in Brazil, but this idea never passed the preliminary stage.

The existence of the Fiat-GM talks, which one executive close to both companies termed "routine and exploratory, has never been revealed officially.

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Europe	Editorial comment	Hungary: the nation 30 years after the revolution 2	UK house prices: are rises fuelling wage inflation? 15
Companies 17, 20 Overseas	Gold	Chile: facing a crucial world bank decision 6	
World Trade	Lombard	Technology: post Chernobyl battle for power7	Hong Kong: calming the "jittery city's" fears 16
Agriculture	Money Markets	Editorial comment: UK eco- nomy, British Rail 14	
Commercial Law	<u>- London.</u> , 36-33, 42	Opec: new move towards an equilibrium 14	Arab banking: Survey Section III



EUROPEAN NEWS

Leslie Colitt in Budapest reports on the 30th anniversary of the bloody 1956 uprising

Hungarians look anew at their post-war trauma

"I believed in Imre Nagy." This surprising remark, mada by a man who could become the next Hungarian leader, recently joited the memory of his fellow citizens.

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Imre Nagy was the refermist Communist Prime Minister of Hungary and leader of the ill-fated 1956 uprising, whose 30th anniversary will be marked today.

today. Soviet tanks crushed the uprising after two weeks at e cost of more than 2,500 dead. Werkers and students were killed in street fighting, secret policemen hanged en lamp posts and Soviet tank troops burned alive. alive.

Inre Nagy was executed hy Moscow for treason in June 1958, along with other pro-minent reformers. The man whe admitted he once "believed" in Mr Nagy is Mr Karnie Grace the dist corretary

"believed" in Mr Nagy is Mr Karoly Gross, the first secretary of the Bndapest Communist Party. His remark came in a series of interviews on Budapest radie with prominent Hungar-ians last month about the

uprising and its causes. Hungary's leadership has launched an unprecedented media campaign to inform citizens about this momentous event in their postwar history. In part, it was aimed to dispel charges by the tiny dissident community that the authorities still had 30-year-old political skeletous in the closet.

skeletous in the closet. Hungarian TV is running a grudgingly notes that Imre six-part documentary series on Nagy, as Prime Minister from the causes, events and the after-math of tha 1956 "counter- steps towards a correct policy."

SIEMENS



A bast of the Stallnist ruler Rakosi is hung from a lamp-post during the uprising

revolution," e term which has heen official usage in Hungary over the past 30 years. The Government has placed much of the blame for tha uprising on Hungary's postwar Stalinist ruler. Mr Matyas Rakosi, who, with his "clique" are said to have violated every precept of Marxism-Leninism. tunist " In the interview with Radio Budapest Mr Grosz went further and spoke of the deep impres-sion imre Nagy made on him as a young party member. When Mr Nagy pledged to reform the party in 1955. he noted, he "believed" and had "faith" in

Marxism-Leninism. The official view of Mr Nagy, bim. on the other hand, has become less abusive

Mr Janos. Berecz, the central committee secretary for "egita-tion and propaganda," has writ-ten the authoritative Hungarian the party. It must he said I wasn't the only one." Mr Grosz had had doubts as early as 1949 after the execution hy Mr

OPPONENTS of the Hun-

Workers' Council during the nprising. Mr Racz, likened in his day to Lech Walesa, former leader of the banned Polish solidarity movement, was sentenced to life imprisonment in 1957 and amnestied

OFFUNENTS of the hum-garian Government plan to hold a memorial ceremony this evening in a private Budapest flat to mark the anniversary of the 1956 Hun-garian uprising, Leslia Colitt reports from Budapest. Mr Miklos Haraszti, a prominent figure in the tiny but active dissident movein 1963. More than 50 per cent of prominent figure in the tiny but active dissident move-ment, said a public obser-vance was forestalled by the police who warned "many people" of the consequences. Among those summoned to the police, said Mr Haraszti, was Mr Sandor Racz who headed the Greater Budapest More than 50 per cent of Hungarians are now under 35 years of age and have no direct experience of the uprising. Nevertheless, the antitorities are busily circu-lating a modified official ver-sion of the "events" designed to satisfy citizens who had remained dubious in

But "revisionist" and "oppor-tunist" groups soon rallied around him. that a party where such things could happen was not my party," he admitted. In the interview with Radio

Communist Foreign Minister,

When the uprising took place, he disclosed that most of his fellow comrades, his boss at the factory and his childhood friends supported Imre Nagy. "The most terrible thing," he recalled, "was that the workers they the other that the workers were also on the other side."

Were also on the other side." The radio testimony of Mr Antal Apro who has served and survived all Hungarian Prime Ministers from 1953 onwards, and is still a member of the central committee, illuminated the role of Mr Yuri Andropov in choosing Mr Janos Kadar, Hungary's present leader. Three days hofore Societ He noted that after Imre Nagy was removed as Prima Minister in 1955, "I came to the point of thinking about leaving Rakosi of Mr Laszlo Rajk, the

for alleged treason. "I felt.

November 1, Mr Apro was talking with Mr Nagy in his office when tha Prime Minister's secretary entered and said "Ambassador Andropov is here." Mr Yuri Andropov, later to become the Soviet leader, was to play the key role in choosing Mr Kadar as Mr Nagy's successor. The Hungarian experience

would recommend Mr Andropov for his subsequent post as head of the KGB and enable the late Soviet leader to speak fluent Hungarian with visiting politicians from Bndapest. After Mr Andropov's visit, Mr Apro said he left the Nagy

team in Budapest and joined Three days before Soviet Mr Kadar, who was preparing tanks re-entered Budapest, en to launch a counter-offensive

the past. Hungarian TV is showing Mr Dela Biszku, another prominent Hungarian politician under Mr Kadar, admitted that film of the mass demonstra-tion which took place in Bndapest on October 23 1956 and the bitter fighting which

Budapest secondary schoolcounter-revolution and proved to be right."

Budapest secondary school-teachers were recently in-structed how to answer pos-sible questions from students about the uprising. Nepstabadsag, the main Communist newspaper, is running a daily series of questions and answers about the uprising and a new book has been published on Hun-gary since 1945. Mr Nagy's fatal mistake, in the eyes of many historians, was to announce on November

Was to announce on November 1 that Hungary was quitting the Soviet-led Warsaw Pact alliance, after calling for a multi-party system and West-ern protection of the country's neutrolity neutrality The outcome was devastating for Hungary. The loss of human life and physical destruction permanently seared the nation. Few Hungarlans would have be-lieved then that Mr Kadar could ever rise above the terrible charges levelled against him in 1956.

from a Soviet base outside the

capital.

Yet his pragmatic policy of whoever is not against us is with us" eventually won over the majority. Hungarians were prepared to let his government reform the political, social and system without demanding the freedoms which they knew he would not deliver. The catharsis of 1956 made the Hungarian compr mise of today possible.

Athens firm on economic policies

GREECE'S Socialist Govern while the solution of the solu

ster. The Socialists' substantial loss of support in both urban and provincial areas in the municipal vote is mainly attri-buted to general disaffection with the economic susterily with the economic austerity programme introduced by the Government a year ago to avert a fereign debt crisis.

Government a year ago to avert (f174m) worth of seeds and rer expected to have reached a fereign debt crisis. The programme, which in-cluded a two-year near-freeze on wages and salaries, and a 15 Drachma, was intended to reduce infiation and curb returned. Africa's problems COD-the programme of the section of the sect

Financial Times Thursday October 23 1986

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East Germany expected to resume relations with China

BY OUR BERLIN CORRESPONDENT

EAST GERMANY is expected previously adopted the West te resume de facto relations German position on German with the Chinese Communist unity but recently, while wooing Party during a five-day visit to East Germany, Peking avoided China this week by the East such references German leader Mr Erich East Germany and China are Honecker at a meeting of the provisional party leadership in December 1956 one side still insisted the uprising had been a "revolu-tion, a national revolution." However, the new leadership assessed the "events as e Honecker.

to sign long-term agreements on economic and scientific-technical Honecker, Mr Honecker was invited in his functions as party chief and president by the Chinese party leader, Mr Hu Yaobang, as well as tha president, Mr Li Viennian co-operation Honecker's visit. The China Daily in Peking said China had signed a con-tract with East Germany to buy

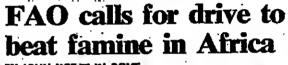
as tha Xiannian, The visit has the full support of the Soviet Union and, accord-ing to East European officials, reflects its interest to probe a saliway cars worth more than \$100m (£69.4m) for delivery in 1988 and 1989. Earlier this year, East Germany sold 1,000 refrigerated railway cars to Pathor

reflects its interest to probe a restoration of Soviet party links with China. Gen Wojciech Jaruzelaki, tha Polish leader, paid the first visit to Feking last month by a Warsaw Pact leader since the split in 1960 between the Soviet Union and China. But Gen Jaruzelski came on a brief work-ing visit, in deference to the

 Peking.
 West Berlin'e governing mayor, Mr Eberhard Diepgen, is being urged to accept an East German invitation jointly to celebrate the 750th aniver-sary of Berlin next year in East Berlin. ing visit, in deference to the East German leader's "official The unusual invitation was

East German results a friendship." On the eve of Mr Honecker's arrival in Peking, tha East German news agency ADN sharply attacked West Germany for an alleged "impudent connection with the East Ger-man president's visit. ADN noted that the West Garman ambassador to Peking, East and West Berlin. Connection with the East Ger-man president's visit. ADN noted that the West Garman ambassador to Peking, East and West Berlin. Connection with the East Ger-man president's visit. ADN noted that the West Garman ambassador to Peking, Carman recently sent to Mr Diepgen hy Mr Erich Honecker, the East German leader, before his trip

Garman ambassador to Peking, Mr Per Fischer, had expressed his displeasure to the Chinese over Hu's r cent interview with the East derman media in which he referred to the "people of the German Demo-cratic Republic." Mr Fischer said Bonn saw Germany as ona nation and thus, one people. The Chinese leadership had Garman ambassador to Peking, Mr Per Fischer, had expressed his displeasure to the Chinese over Hu's r cent interview with



BY JOHN WYLES IN ROME

A RETURN to drought con- 3 per cent in Western Europe ditions will bring fresh starva- because of weather conditions. tion in Africa without a deter-Nevertheless, a record cereals mined action programme to improve African agriculture, warns the UN's Food and Agri-culture Organisation in its 1986 crop (1,300m tonnes) for the second year running pushed up stocks so that they should reach a new peak this year of 362m tonnes-42 per cent food report. The arrival of the rains coupled with the supply through international and of \$250m (£174m) worth of seeds and fer-

return to starvation," azys the FAO. Its picture of world food trends is one of abundance, particularly in the developed world, rising consumption in parts of the developing world, but continuing misery in nearly half of the 65 low-income food-deficit countries. World food and agricultural production last year grew by

world food and agricultural production last year grew by 14 per cent as against 4 per cent the year before. The market economies in the Near

362m tonnes—42 per cent located in the US. Global direct human consumption of staple foods is expected to have reached

current tinue. Even the record Sahel in 31 of the 65 low-income food-deficit countries. Over the harvest in 1985, more than 50 per cent greater than the year before, was only slightly larger than the 1981 harvest, the only other good year in recent times. "Unless continued and vigorpast decade, consumption has fallen in 37 of these countries, says the FAO. World Food Report 1986. Food and Agriculture Organisa-tion of the United Nations. ous action is taken to improve African agriculture, a return to drought conditions will mean a return to starvation," says the

By Andriana lerodisconou in

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Greece's Tunaway public-sector deficit. "We intend te follow the policy set in October 1985 policy set in October 1985 without any deviation. The existing incomes policy will be applied in 1987 as well," Mr Simitis said in a written state-ment designed to block specu-lation that the Government might relat the government might relax the Government might relax its economic policy The minister predicted that the economic stabilisation tar-get for 1986 will be met. The anthorities are aiming for an inflation rate of 16 per cent this year this year They also hope to halve the current account deficit from \$3.3bn (£2.3bn) in 1985 to \$1.7bn by the end of 1988 and to reduce the public-sector deficit from 18 per cent of GDP to 13.5 per cent. ease of the cent higher in the deve

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EUROPEAN NEWS

GLENEAGLES CONFERENCE

Nato risks further delay on missile deal

BY DAVED BUCHAN IN GLENEAGLES

NATO DEFENCE ministers at Gleneagles, birthplace of the now famous "zero option," this week wrestled with the conse-quences of the decision they

took five years ago. For it was in 1981, at the same hotel in the Scottish Highrowest of margins the first of two attempts by the opposition forgo its planned deployment of Fianna Fail party to force an early general election. But it

scrap its SS20 missiles. This week, Nato was far from showing joy unbounded at the prospect of its 1981 wish being fulfilled.

Indeed, in some quarters of inneed, in some quarters of the alliance, there is clear trepidation that the US and Soviet Union got as far, in Iceland 10 days ago, as dis-cussing total removal of medium-range Cruise, Pershing 2, and SS20 missiles from Europe, leaving a residual 100 warheads each in Soviet Asia and Alaska.

and Alaska. Yesterday's closing communivesteroay's closing commun-qué of the Nato Nuclear Plan-ning Group (NPG) papered over the cracks by stressing that any deal on medium-range 1,000 to 5,000 km missiles should be "accompanied by other approximate mensions other appropriate provisions concerning rights and con-straints on shorter range

West Germany's Opposition Social Democrat party (SPD) has worked out proposals with the governing Communist party of East Germany for a nuclear-free "corridor" between the two Germanys, David Marsh reports from Bonn. The plan, the result of several months of consultations between the SPD and the East German SED Socialist Union party, would prescribe Nato and Warsaw Pact forces from deploying short-range battlefield nuclear weapons within 156 kms. each side of the East-West border. The proposals, which clearly have the blessing of the Mescow government, add to the Soviet Union's present cam-paign of trying to convince the West Germans of its desire for a superpower disarmament accard.

But none of them, not even

It is now almost completely forgotten that the original proposal in 1977 from the then West German Chancellor Helmut

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to the SS20 threat. The motives, rather, were: To supplement nuclear armed F-111 aircraft which could not ionger be relied on to pierce Soviet defences; and to assure

political justification for the arrival of cruises and Persh-

metery bonn, to accept the zero-zero deal on medium-range weapons. But the Euro-missile equation looks a lot less simple than it was presented five years

Bonn to ease sentences for terrorist witnesses

BY DAVID MARSH IN BONN

week. The proposals represent the first an attempt to crack down on moun-ting terrorist attacks, intends to rush through Parliament new legis-lation offering milder sentences or complete immunity to criminals who testify against their accom-plices. A law granting more lenient treatment for terrorists who be-come state witnesses in court cases involving acts of political violence is likely to be brought before the fied-

cratic (FDP) partners in the coali-tion of the need for tougher anti-ter-Tratic (FDP) partners in the coali-bion of the need for tougher anti-ter-rorist measures. But the new moves have drawn rriticism from the Social Democratcriticism from the Social Democratic Party (SPD) opposition which

claims that state witness laws in countries such as the UK and Italy have not always proved effective. The "state witness" legislation, to ties as well as the FDP also dis- rorist suspects.

THE West German Government, in eral assembly (Bundestag) next republic in 1949, shocked public be used only in terrorism cases, is cussed yesterday other improve opinion and has persuaded, above intended to run until the end of ments in the search for perpetrating terrorist attacks, intends to The proposals represent the first all, the junior liberal Free Demo- 1988. The measure has been tors of political violence. intended to run until the end of ments in the search for perpetra-1988. The measure has been tors of political violence.

> These include greater use of com puters and personal data banks in police investigations. The conserva-tive parties have been growing restive about data protection laws

A committee of politicians from brought in by the previous SPD-the conservative coalition Christian FDP Government which are alleged Democrat and Christian Social par- to have impeded the search for ter-



IG Metall chief **FitzGerald** beats off pay negotiator first quits in poll row

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WEST GERMANY'S biggest in support of e shorter working trade union, the IG Metall, lost week campaign that the union its chief pay negotiator in plans to launch next year. its chief pay negotiator in piece. spectacular circumstances yes-terday, handing Mr Franz Steinkuehler's home region-Steinkuehler a major political Stutgart-who were responsible wictory in his first two hours as for Mr Janssen's pour vote, con-leader of the union. Delegates at the IG Metall make next year's negotiations harder.

He was a leading figure dur-ing the seven-week IG Metall strike for a 35-hour week in 1984 which closed down the West German motor industries completed a ritual election of new executive yesterday forning when Mr Hans Janssen, who has been on the executive since 1977, walked to the West German motor industries podium and announced that and cut the working weak from because not enough people had 48 hours to an average 38.5 voted for him, he refused to be hours.

re-elected. Mr Janssen, 62, was one of the last of an older, left-wing order in IG Metall. He had begun recently to clash publicly with Mr Steinknehler over ways of cutting working hours in order to create new jobs. While Mr Steinknehler, 49, has been encouraging talks of fartile working practices to bas been encouraging talks of fartile working practices to bas been encouraging talks of fartile working practices to the steinknehler, the steinknehler, 49, has been encouraging talks of fartile working practices to the steinknehler, the steinknehler, 49, has been encouraging talks of fartile working practices to the steinknehler, the steinknehler, 49, has been encouraging talks of fartile working practices to the steinknehler, the steinknehler, 49, has been encouraging talks of fartile working practices to the steinknehler, 49, has been encouraging talks of fartile working practices to the steinknehler to the steinknehler, 49, has been encouraging talks of the steinknehler to the steinknehler to the steinknehler, 49, has been encouraging talks of the steinknehler to the

flexible working practices to meet the economics of new technologies, Mr Janssen earlier this week warned that "flexi-hility" was becoming a fetish and was designed to suit em-

ployers. With considerable support, he has argued for a firm commit-ment to enting the regular working week to 35 hours: Mr Steinknehler, however, represents a more technocratic, though probably more radical younger tendency in IG Metail. There is constant talk at the ting working hours as a way of conference, none of which he ting working hours as a way of attempts to dampen, of strikes compromising with employers.

Martens set to stave off political crisis today

the respite may only be tem-

BELGIUM'S Prime Minisiter, to offer his resignation to King Mr Wilfried Martens, is widely Baudouin last week, e gesture expected to stave off the subsequently refused but which country's grave political crisis has been followed by more than today when he faces hostile a week of political uncertaintly, opposition questions in parlia-ment over the Government's handling of the "Happart has to present e united voice affair." Observers in Brussels, in answer to questions in Par-however, said last night that the respite may only be tem. The situation has been

the respite may only be tem-porary. The bitter linguistic dispute, mayor in question — Mr Jose over the sacking of a French Happart — was last Friday re-speaking mayor who refuses to elected First Alderman of his learn Flemish, has opened commune in the Fourons and, serious divisions within the in that post, is once again de French and Fiemish-speaking parties, two of the country's four coalition partners. The dispute now centres on rival legal interpretations of the various rulings in the case so The situation has been greatly complicated since the

in November 1987.

runs on this year's spending.

budget in January. The coali-tion's five-year term runs ont

It defeated by 82 votes to 81 a move to call a by election in a vacant safe Fianna Fail seat which would have tipped the parliamentary balance against the government.

A similar victory today, now appears more likely. But the coalition, which has been under concerted fire by Fianna Fail in recent weeks, cannot be sure of victory as the more of two

Yesterday's voting could not of victory as the votes of two backbenchers, one a Fine Gael member and one a former Labour minister, were last night still in doubt.

The two, Mr Liam Skelly of Fine Gael and Mr Joe Berming-ham of Labour have threatened new deputy chairman, is an ageing compromise candidate to vote against the government unless they get assurances on their respective proposals for a development plan for Dublin and social welfare spending. who will have to retire in three years, leaving Mr Steinkuehler time to groom a replacement.

Mr Steinkuchler's only re-wersal of the day was his own election, in which 83.5 per cent of the delegates voted for him, a fall from his election as vice-chairman in 1983 when he won 00 one pert of the with In the by-election vote, Mr Skelly voted with the govern-ment while Mr Bermingham was not present.

Government spokesmen are confident of victory in today's vote, and their chances improved yesterday when another dissident backbencher, Mr Frank Cluskey, of Labour, con-firmed he would vote with the

A government win would al-most certainly rule ont an election at least until after the

Moscow.

missiles" of less than 1,000 km, many's concern about the This is the first time that Nato as a whole has formulated any such links. It risks creat-ting further delay on a zero-zero deal on US and Soviet medium-range weapons, just when at last that seemed available from weapons. range weapons, just when at deployed last that seemed available from weapons.

Moscow. In particular, West Germany has told its partners in the NPG that it wants written into any cruise/Pershing-SS20 deal a commitment binding the soviet Union to start early Soviet Union to start early negotiations on the several Eastern Europe and European Rassis with a range as low as 150 km. All other Nato governments sympathise with West Ger

Europe could be secured on the conditions laid out in Iceland. Clearly then, removal of the SS20s, with a range up to 5,000 kms would not now be the This was that the Soviet Union would, separately, agree to freeze its stock of shorterend of the story for Nato. In a sense, it never was. range weapons and at some point negotiate reductions. In the hectic and hasty Ice-land discussions, the super powers merely talked of nego-tiations on shorter-range weapons with a maximum

Schmidt for some strengthenin of the US nuclear commitmer range of 1,000 km but without Most Nato governments assume this minimum to be around 500 km, encompassing only about 100-120 Soviet SS22

Europe politically that the US, even though by the late 1970s it faced a Soviet Union equal in strategie nuclear weapons, could and would fulfill its commitment to Europe's purchase defense

to Europe's nuclear defence. Post-1977 Soviet deployment of SS20s came to be a convenient

ings. In fact, there is now probably a political imperative, for all allied governments, even ulti-mately Bonn, to accept the deal on medium-range

only about 100-120 Soviet SS22 and SS23 missiles. But Bonn is anxious to get reduced or eliminated the several hundred Soviet missiles, particularly the Scud, with a range as low as 150 km. Lord Carrington, Nato Secre-tary-General, suggested yester-day that if the Pershing 2s and cruises left Western Europe, "in logic" the Soviet Union could call back the SS22s and SS23s it has moved forward to Easten Europe since 1983 as its declared response to the cruises and Europe since 1985 as its declared response to the cruises and Pershings. But whether such a pull-back, as distinct from elimination, of these weapons could satisfy the West Germans is now in doubt.

ng a minimum range.

crisis vote By Hugh Carnegy in Dublin DR GARRET FITZGERALD'S Fine Gael-Labour coalition last night overcame by the nar-

early general election. But it still faces a finely-balanced confidence vote in Parliament today.

Great Italian road block disaster proves a flop BY JOHN WYLES IN ROME

THE GREAT Italian road block disaster with e cast of thous-ands playing to an anxious audience of millions, has proved a miserable fiop. Lorry drivers whose protest this week heve apparently de-cided that it was too costly to go ahead with their boycott of the motorways and strict ob-servance of speed limits. The protest ection against a

than 7.4 per cent of Gross Netional Product and 11.8 per cent of GNP.

Swiss minister to resign

SWITZERLAND'S Economy Minister, Mr Kurt Furgler, said yesterday he would resign at the end of December, the second of the seven-member govern-ment to do so this year, *Reuter* reports from Berne.

Political analysts said the resignation could cause a realignment of ministerial jobs go anead with their boycott or the motorways and strict ob-servance of speed limits. The protest ection against a because car drivers chose to new government traffic safety stay at home rather than run decree imposing stiffer penal- the gauntlet of traffic jams. The protest ection against a because car drivers chose to new government traffic safety stay at home rather than run decree imposing stiffer penal- the gauntlet of traffic jams.

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OVERSEAS NEWS

Cautious diplomat Chissano favoured to succeed Machel By Colina MacDougail in London MARSHAL Ya Jianying, e senior opponent of the economic reforms

BY ANTHONY ROBINSON IN JOHANNESBURG

President Samora Machel, whose when the failure of Soviet-style cen-body has been brought back to Mo- tral planning methods and a Soviet-zambique from South Africa and style military offensive against Mo-will lie in state from today in the zambique National Resistance Maputo city hall, will be given a (MNR) rebels led to e cautious dip-tests functed on Tubedeu state funeral on Tuesday. lomati Leaders of the so-called front line West lomatic and financial opening to the

states and representatives from Both men were sent into the both East and West and from the provinces as provincial governors Non-Aligned Movement are expect- where Mr Machungo in particular ed to attend. It is not yet known regained prestige by re-organising who will represent South Africa: The successor to President Ma- ia province. ia province. Both men were brought back to

chel, who died on Sunday night in a Both men were brought back to plane crash just inside South Afri- Maputo in a ministerial reshuffle in

plane crash just inside South Afri-can territory on his way back from 2 ambia, is not expected to be an-nounced until after the funeral. At this stage the three most likely candidates appear to be Mr Jos-quim Alberto Chissano, the 47-year-old Foreign Minister, Mr Marcelino Dos Santos, the 55-year-old senior member of the 10-man Polithuro, brought beck following the failure and the recently appointed Prime of the March 1984 Nkomati accord and the recently appointed Prime of the March 1984 Nkomati accord with South Africa to end the spreading MNR offensive. As De-Minister and economic supremo Mr feoce Minister, he too works closely

Mario Da Graca Machingo. The country's sole official political party, the Frente De Libertacao with Soviet bloc military advisers. De Mocambique (Frelimo), is orga-nised on classic Soviet bloc lines with a political bureau, a central to indicate that veteran Foreign Minister Mr Joaquim Chissane committee and e central committee secretariat. could be the best candidate for the The next leader is almost certain

succession. Foreign Minister since to be chosen from the politburo. Mr independence, he has travelled Chissano and Mr Machungo are widely on diplomatic missions. The politburo members and members of youngest of the main contenders. politicuro members and members of youngest of the main contenders, the six-man secretariat. President he has steered a careful line be-Machel was also a member of both. tween East and West.

Machel was also a member of born. Less likely candidates are Mr Al-berto Joaquim Chipande, the Minis-ter of Defence, and Mr Sergio Viei-the Minister of Security. ra, the Minister of Security. Marcelino Dos Santos, a poet and Marcist-orientated intellectual, is pilot and senior judge. The Soviet Union and Mozambique have been

invited to take part. A Soviet diplomat from Maputo one of the co-founders of Frelimo and is married to a South African.

He was formerly party economic and the wife of the surviving Soviet secretary but, like Prime Minister nikot have been allowed to visit him Machungo, lost ground in 1983 in a Pretoria military hospital

Israelis identify new Palestinian terror group

BY ANDREW WHITLEY IN JERUSALEM

ISRAELI security authorities claim welter of claims and counter they have uncerthed a previously claims, little attention was paid to it unknown Palestinian terrorist orga-nisation with strong religious affil-The group apparently has no con-

unknown relession an terrorist orga-nisation with strong religious affi-intions. They say the group was re-sponsible for last week's greade group known as falamic Jihad in attack in Jerusalem. Calling itself the Legions of Is-kmie Jihad, the group is said to pings. come under the unbrella of Mr Yas-sir Ardial's Palestine Unbration On-sur Ardial's Palestine Unbration On-

sir Arafat's Palestine Liberation Or-

Aquino defuses crisis in government

By Steven B. Batter and Samuel Seneren in Manila MRS CORAZON AQUINO, the Philippina President, yester-day defused a crisis in the Government with the announcement of a much tougher policy toward com-munist insurgents. She warned that she would seen set a cut-off date for cease-fire negotiations and initiate moves to combat the insur-gency. By Steven B. Butler and gency.

gency. The shift in policy is a victory for Mr Juan Ponce Enrile, the Defence Minister, who in recent weeks has pre-cipitated a power struggle by issuing public calls for a stronger. anti - communist stance by the Government.

stance by the Government. Mr Enrile's open question-ing of Mrs Aquine's legit-imacy had raised fears of possible military action against the Government, but Mrs Aquino's shift in policy has at least temporarily relieved the threat.

has at least temporarily relieved the threat. Mr Enrile has not reacted publicly to the new policy, and doubts persing over whether unity has been restored to the Government. Mr Enrile's call for Mrs Aquine to stant for new elections has not been answered, and many observers expect Mr Enrile to continue pressing this demand in the coming weeks. Mrs Aquine announced the shift in policy just hours after the conclusion of a meeting of all major military com-manders, in which top service officers took the unusual step of issuing a statement calling for a cattoff date to negotia-tions with the rebels and an integret of approach to the insurgency problem rather the to seek poace at any cost.

the negotiations quickly.

strong pressure to oreas on the negotiations quickly. The Philippine President suid she met with Mr. Eurile for two hours of "pence taiks" on Tuesday night and said yesterday that: "there's no falling out between Minis-ter Eurile and myself." She praised the tole played by General Fidel Eamos, the Armed Forces Chief, and Mr Jose Concepcion, the Trade Minister, in promoting recon-clisicion in the Cabinet. Speaking of communist infransigence at the negotiat-ing table, Mrs Aquino said that, " our patience has been, worn thin," and warned that: any armed attacks against Government centres would hasten the ent-off of taiks and the start of military Mrs Aquino said the gov-arament was formulating a co-ordinated set of political, and milifary measures to combat the insurgency, which is believed to have effective control over some 20 per cent of rural districts. The events of recent days have proven that Mr Enrile have proven that Mr Enrife speaks for strong sentiments in the military, and that the stacks on the Aquino Gov-erament are not simply the result of personal ambition. Few Souht, however, that Mr Enrile is auxious for the opportunity to run for the presidency.

Financial Times Thursday October 23 1988

Gandhi sacks Minister for **Internal Security**

from disgruntled former senior figures in his party.

Mr Gandhi said yesterday he was hringing some "senior heavyweights" into the cabinet. He dropped five ministers in-cluding Mr Nehru and brought

BY JOHN ELLIOTT IN NEW DELHI

TWO OF India's top politicians TWO OF India's top politicians assassination of his mother who have been close advisers Mrs Indira Gandhi in spite of of Mr Rajiv Gandhi, Prime a growing chorus of dissent Minister, lost their jobs yester-day in the fifth ministerial reshuffle introduced since Mr Gandhi first formed his govern-ment 32 months ago.

figures in his party. His liberalised economic and industrial policies are under attack from some wings of his party and there have also been criticism of Mr Vishwanath Pra-tap Singh, the Finance Minister, for tax raids on leading busi-Mr Arun Nehru, Minister of Internal Security, a cousin of Mr Gandhi and once one of his closest aides, was dropped from closest aides, was dropped from for tax raids on leading busi-the Government. Mr Arjun Singh, previously a Singh was not moved in yester-successful state governor of the day's reshuffle and there is no Punjab, has lost his key sign of any changes in the organisational job of vice-Government's economic and president of the ruling Congress other policies as a result of the I party and has heen given ministerial changes.

Mr Arjun Singh, previously a successful state governor of the Punjab, has lost his key organisational job of vice-president of the ruling Congress I party and has been given a minor ministerial post in charge of communications with a seat in the Cahinet.

charge of communications with a seat in the Cahinet. Among other changes, Mr Narzyan Datt Tiwari, a highly respected Congress I politician, has been promoted to he Minister of External Affairs replacing Mr Shiv Shankar who continues with the post he also held of Minister of Commerce The reshuffle reflects Mr Gandhi's continuing problems in establishing an efficient ministerial team of people he can trust and in establisbing effective day-lo-day leadership in the Congress I party of which he is president. Tha changes, especially tha dismissal of Mr Nehru, an abrasive, controversial and ambitious politician, demon-strate the continuing authority of Mr Gandhi. There is no significant challenge to his position as Prime Minister and after be took over after the after be took after the after a

party leader nearly two years sidents in the hope of mounting after be took over after tha a challenge to Mr Gandhi.

Tokyo share prices slump 16.5% since August peak

fearing instead that margin calls would put increasing down-

cause axchange rates have become relatively stabla. Last

k the Keiden

SHARE PRICES alumped yester-trade surpluses are probably day for the eighth straight day nearing peak levels. Also, in-on the Tokyo stock market, vestors ere directing more bringing the fall since the money chroad, partly because August peak to 16.5 per cent. many restrictions on foreign Analysts remained ghoony investment have been lifted in about the prospects for a rally, recant months and partly be-

Senior Deng

dies aged 90

of China's paramount leader, Deng

Xiaoping, and for many decades e

top military man, died yesterday in

Peking aged 90. Marshal Ye retired from his key

post on the ruling Politbureau standing committee last September

Ya supported the 1976 overthrow

of the so-called Gang of Four, Chairman Mao's wife and her group from Shanghai, but he was widely

regarded as a political hard-liner.

He opposed the down-grading of

military power and the economic liberalisation which followed

Deng's rise to influence in 1978, and

provided e focus of loyalty for other-

He survived the Cultural Revolu-

tion, keeping his Politbureau post at the radical ninth party congress in 1969. Four years later, be became a party vice chairman

muservative Marrists.

opponent

group, all of them Jerusalem resi-dents, are now under arrest and gamisation. It apparently represents an attempt by the PLO to promote awaiting trial. At least two are the tide of religions revivalism members of the same family. The throughout the Moslem world, in-cluding the Israeli occupied tarrito-ries. Last week's Walling Wall bomb-into last week's attack, the police al-

Last week's Wailing Wall bombing was the worst guerrills incident so disclosed yesterday that they since the remification of Jerusalem had captured the person responsible for the previous worst terrorist incident in Jerusalem - the Decemin 1967. It is not known whether the group has carried out any previous acts of violence. ber 1983 attack on a city bus in

which she people died No details have been released A caller claiming to represent an organisation with the same name telephoned a newsagency in Lon-don immediately after the bombing about the detained man, apart from the fact that he is from east Jerusalast Wetnesday saying it had car-ried out the attack. However, in the lem and is said to be a member of Fatah, the largest PLO faction.

deteriorating performance of, and prospects for, the Jepanese economy, the market had risen 44 per cent between January and August. At the peak, the ran, the powerful association of Japan's leading industries, foreeverage share price was e dizzy-ing 58 times its underlying

Bank are among those who will be represented at the conference.

The contingency plan being discussed in Brussels today and tomorrow is aimed at upgrad-

ing 58 times its underlying earnings and over 2bn shares a day were being traded It was generally agreed that the driving force in the market had been surging excess liquidity, caused by Japan's rapidly growing trade surpluses, coupled with the lack of attrac-tiva alternative opportunities for Japanese investors. Now many analysis think that the so-called weight of money argument may be losing its force. On the one hand, the

cast that economic growth in the current fiscal year would reach only 2.5 per cent, well be-low the Government's 4 per cent target. Yesterday, there was re-newed speculation that the Government's imminent tax re-

arly this we

form proposals would include a eapital gains tax on all share transactions. Now only large lot transactions are taxed.

Yesterday's stock market de-cline, like all those of recent days, took place in light trad-ing of only 361.4m shares. The Nikkei index fell 386.22 or 2.4 per cent.

Savimbi puts case to European MPs

By Quentin Peel in Strasbou

MR JONAS SAVIMBI, leader of the rebel Units guarills move-ment in Angole, yesterday over-came the united protests of leftwing parties to present his case to conservative members of the European Parliament.

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conference. The possibility that Pretoria might close its borders if the West imposes more punitive economic sanctions is the threat that lies behind the latest fund raising initiative. The region relies on South Africa's ports and railways for the bulk of its foreign trade with landlocked Zimbabwe for example sending In a speech to more than 100 Meps who had backed his invi-tation, he renewed his appeal for peace talks in Angola to end the 11-year-old civil war in the country. Zimbabwe, for example, sending more than 90 per cent of its cargo traffic through its southern white neighbour.

His presence in the parlis-ment nonetheless caused widespread embarrassment to the officials of the institution, forced to deny that he was there in any way et their instigation;

Mr Savimbi, denounced as a terrorist and an assassin by both socialist and communist groups, was invited by a joint group of. Christian Democrats, Liberals, British, Danish and Spanish Conservatives, French Gaullists, and the extreme right-wing group of the European right.

He came in a cavalcade of cars, and posed in front of the fiags of the EEC member states, in spite of protests from the ambassadors of African, Carib-bean and Pacific countries represented in Brussels.

Mr Savimbi insisted that his message was one of " pcace and responsibility " in Angola.

"We are prepared to nego-tiate and talk with them (the MPLA government in Angola) and to find solutions which could put an end to the eivil war which is in tanger of destroying our country," hc said.

The Socialist group in the parliament, the largest single group, accused him instead of leading murderoas campaigas of destruction of infrastructure and production centres against the legitimate government of Angola."

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ur competition is our yardstick. Not because we want to copy other airlines but because we want to be better than them. And for Yemenia 'better' means that we spend a great deal of attention giving the best possible (international) training to our cabin crews. We want to let our passengers know that they can enjoy renowned Yemeni hospitality from the moment that they step aboard one of our aircraft. We never forget that Yemenia can only win by being better.



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MORE THAN A CHOICE

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Beira fund campaign begins

MAL.

BY TIM DICKSON IN BRUSSELS

A KEY fund-raising effort begins in Brussels today to fixt \$185m (£129m) for the "Beira corridor" — the crucial pipe-line and rail link between Zimbabwe and the Mozambique coast.

The two-day conference, hosted by the European Com-mission and convened by one of the agencies of the Southern African Development Co-ordina-tion Conference (SADCC), has heen arranged to secure invest-ment for the first phase of a project to upgrade, or "rehabi-litate," the much attacked 400-mile route between Harare and the Indian Ocean port of Beira, The programma has taken on renewed importance following

the sanctions threat by South Africe against the front line states and is designed to reduce these countries' dependence on Pretoria for trade and transport.

EXAMPLE EXAMPLE EXAMPLE The European Commission confirmed yesterday it has agreed to make \$40m available

South African business plea

BY MICHAEL HOLMAN

into a "stalmate between violence and repression," but the business community could help resolve tensions and act as a bridge between the "We do not anticipate any government and tha black departure from the present leadership, Mr Jan Steyn, exec. sanctions policy abroad," said utive chairman of the Urban Foundation, the country'c lead-ing business lobby, said in London last night. Such e role, however, would need to be accompanied hy

certain stances and gestures from western governments and and apartheid lobhies, said Mr Steyn.

COREDOR

Finally, local intiatives, for

The first need was open white need material and moral to Western governments, recognition of "the complexity backing from abroad. "Over- argued Mr Steyn.

structive and viable," said Mr Steyn. "We desperately need this support in order to sustain

private sector motivation and

3

Africans) represented the only effective agent for change left

SOUTH AFRICA has moved of change" in South Africa, fol-into a "stalmate between lowed by the setting of what initiatives they consider con-violence and repression," but Mr Steyn termed "realistic structive and viable," said Mr the business community could targets within a politically Steyn. "We desperately need help resolve tensions and act feasible framework."

c- sanctions policy abroad," said a Mr Steyn, in a speech to the South Africa Club, hut "it is Steyn, which stands for "a signals to be given on what realistic achievements would in which much of the international which stands a universal butive and punitive mould in which much of the international response is cast." Finally, local intiatives

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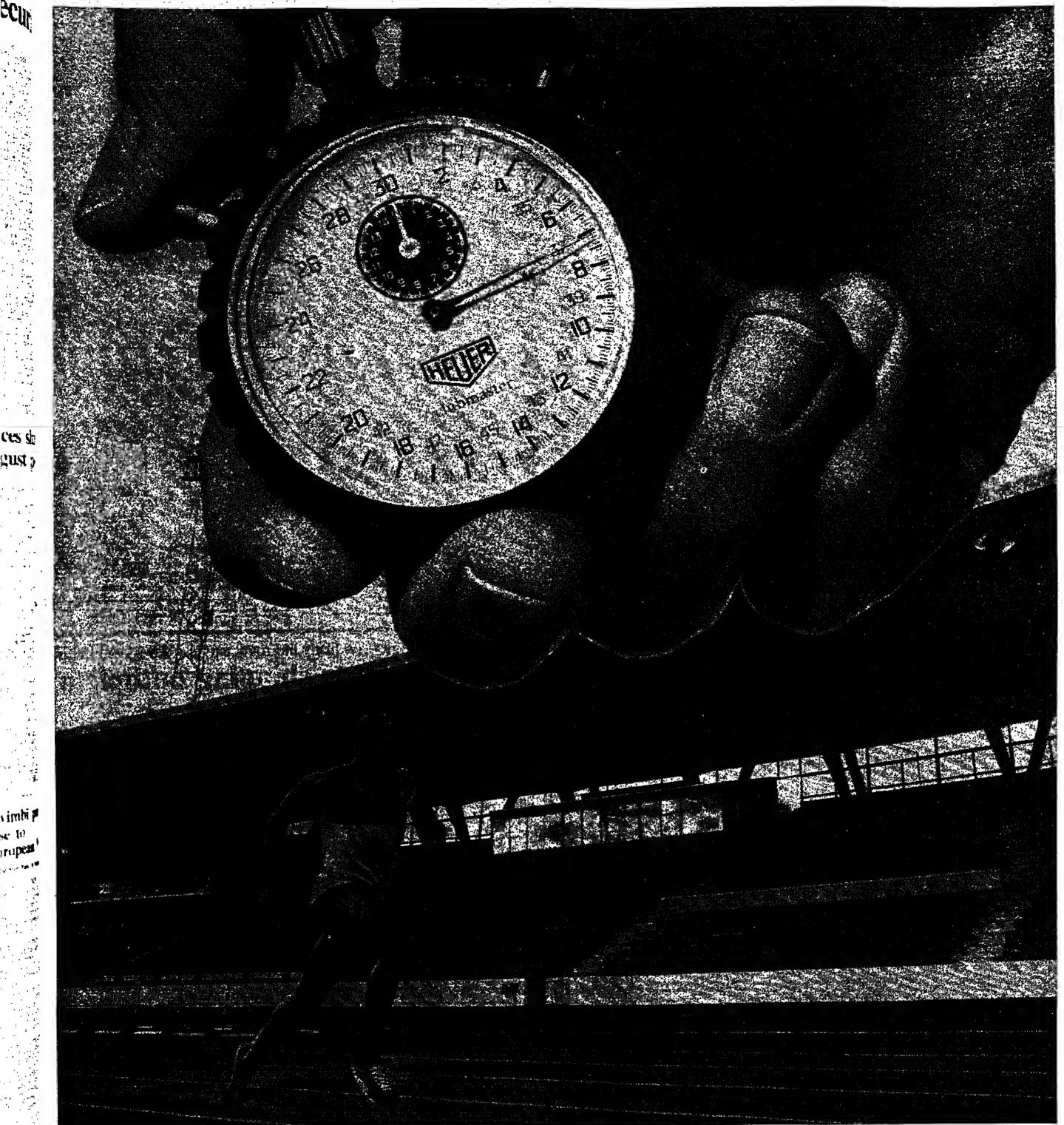
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Bang, we've installed over 33,000 miles of private circuit in the City at an average speed of 25 mph. Which only goes to show that, when it comes to smooth running, not even Linford Christie can touch us.



AMERICAN NEWS

Argentine Strong car sales bishops in lift US economy clash over divorce to 2.4% growth By Tim Coope in Beenos Aires THE CONFLICT over divorce in Argentina between the State

BY LIONEL BARBER IN WASHINGTON

strong car sales, grew by 2.4 November 4. per cent at an annual rate in The Republicans can point to the third quarter, eccording to preliminary figures published by the Commerce Department

12 2 2 2 3 4 4 5 5

6

yesterday. The plck-up contrasted with the 0.6 per cent growth in goods and services in the second quarter, and was in line with most analysts' predictions. Gross national product

with most analysts' predictions. Gross national product (GNP)—the nation's output of goods and services—grew hy \$21.9bn. Most of the rise was accounted for by consumer spending which rose by \$42bn Mr Malcolm Baldridge, Com-merce Secretary, predicted 4 per cent growth for the fourth quarter, reflecting continuing

quarter, reflecting continuing Administration optimism ebout the US economy. But econom-ists noted that fourth quarter growth would have to rise by 8.1 per cent to bit the Adminis-ter the longet randing and of

ists noted that fourth quarter growth would have to rise by 6.1 per cent to bit the Adminis-tration's long-standing goal of 3.2 per cent for 1986. The GNP figures give only a partial view of the US econ-omy end do not contain trade and stocks data for September. Economists described them as politically neutral in their per cent reat growth and infla-tion at between 24 and 3 per cent. The question is how much inflation will plck up over the next two years."

Think tank warns Reagan over Star Wars proposals

pectatione.

BY NANCY DUNNE IN WASHINGTON

year's defence budget. Two-thirds of 1 per cent of the expected Soviet defence expen-ditures over the next 15 years IF PRESIDENT Ronald Reagan persists in development of the Star Wars space defence system, the Soviet Union may system, the Soviet Union may react by expanding its offensive arsenal even before a US deci-sion is made on deployment, according to a report by the Council on Economic Priorities, Given the Administration's mount discrements of Solt T would be required to deploy 2,500 cruise missiles in an effective alternative strategy. According to the council, the Soviets lag so far behind the US in their computer technology

recent disavowals of Salt II treety limits, the Soviet Union may begin to deploy new mis-siles - both to prepare themselves for deployment of a Western anti-missile defence

US in their computer technology — between six and 13 years — that It Is "extremely doubtful that tha USSR can successfully compete in the development of an extensive, fully integrated advanced technologies defence." Any near-term attempt at defence is likely to be directed towards protection of its offen-sive weatoms and would probwestern and missile defence and to develop a stronger har-gaining position for future necotlations, the council said. The New York-based inde-pendent think tank said the Soviets could double their strategic land-based arsenal at a cost of about 5 per cent of an cost of about 5 per cent of one forward.

and the Catholic Church hierarchy has intensified after THE US ECONOMY, buoyed by effect on the mid-term of eeveral hishops refused to allow growt in the economy while the Democrats can highlight falling exports, which raise con-

eeveral hishops refused to allow communion and confession for legislators who have voted in favour of introducing divorce. The Divorce Bill, being pro-moted by the ruling Radical Party, has already been passed overwhelmingly by the Cham-ber of Depaties. It still has to pass the Senate hefore it can become law, and according to leading Senators becking the hill, there is little chance of It being debated before the faling exports, which raise con-cern over the federal trada deficit, now running at a rate of about \$170bn. During tha third quarter, US exports fell by \$10.7bn, after a \$28bn decline during the second quarter. Mr Baldridga said the poor trade performance had reduced US economic growth this year by close to 2 percentage points. being debated before the legislative period closes at the

end of the month. Government hopes to have the Divorce Bill passed in 1986 have thus been dashed and further debats in the Senate is The GNP prica index, a measure of inflation, rose by 2.5 per cent in the third quarter compared to 1.7 per cent in the second, according to the Com-merce Department. This was roughly in line with market ex-

further debats in the Senate is unlikely until May next year, during the next legislative sit-ting, and only after the visit of Pope John Paul II to Argentina in April. The refusal to give com-munion to the legislators is being seen as a deliberata attempt by the Church to in-fluence the debatc. The Argentine Episcopal The Argentine Episcopal Conference, to which all hisbops

belong, discussed the strategy last month, but it was not until last week that three bisbops announced that they would re-fuse communion and confession fuse communion and confession to the deputies. According to Monsignor Carlos Galan, Secretary General of the Episcopal Conference, the measure is not hinding on all bishops but "is simply a suggestion to hishops who want to remind deputies who are members of the church and who have voted in favour of diverse

have voted in favour of divorce, that they have mada a mistaka

that they have mada a mistaka and as such would hava to make a public retraction before accepting Holy Communion." One of the more outspoken hishops. Mons. Jaime da Nevares, criticised his col-leagues. Ha said such serious sanctions had never been adopted befora "even when many military people and civil-lans during the military government committed terribla violations egainst buman rights."

Any near-term attempt at defenca is likely to be directed towards protection of its offen-siva wekydnis and would prob-abiy first spnear near tha Soviet's missile installations should deployment actually go forward.

UK offers

discount

on export

insurance

By Christian Tyler, Trade Editor

LARGE discounts on British

Mary Helen Spooner in Santiago reports on a crucial World Bank decision US warnings on debt approval worry Chile

GENERAL Angusto Pinochet's mist at Chile's Catholic Univer-13-year-old military regime is sity, recently warned that nervously waiting in see denial of the adjustment loan whether tha Reagan Administra-tion will follow up public warn-ings issued by the US State Department that Washington might oppose multilateral loans, new to Chila nn human rights to Chila na human rights grounds.

The World Bank, which helped to organise \$1.95bn in external financing for Chile for 1985-86, will vote on a \$250m structural adjustment loan covering balance of payments support in the next few weeks.

Subversion

If the Bank fails to approve lt, disbursement of the last \$49m tranche of private com-mercial financing for this year, would be in jeopardy. The country's efforts to negotiate new money for next year, in-cluding about \$350m in private bank loans, would also be seriously affected.

The Chilean embassy in Washington has issued a statewashington has issued a state-ment charging that US opposi-tion to the World Bank loan "will give fuel to tha fire of communist subversion" and would "unite the people of Chilc against the United States' inter-ference in their internal affairs." Mr Felipe Larrain, an econo-

1981 1982 1983 1984 1984 1985 He predicted that Chile, even * Extimated

He predicted that Chile, even taking a growing trade surplus into account, would run a cur-rent account deficit of \$850m next year, and have to pay an-other \$410m in debt amortisa-tion. In the face of such a fin-ancial squeeze, Mr Larrain said, Chile would have no choice but to suspend its debt service pay-ments.

ments "In any reasonable scenario, denying the structural adjust-ment loan would not favour Chile, nor the US Government nor our country's foreign creditors," he said, noting that even a temporary morstorium on debt payments could cut Chile of from import financing and spark seizure of the coun-try'e overseas holdings.

The Pinochet regime'a human rights record is one of the worst in Latin America, and the worst in Latin America, and is not likely to improve under the state of siege imposed in the wake of last month's presi-dcutiat assassination attempt But Chile has been held up as a model for other debtor coup-tries in adhering to Inter-national Monetary Fund accords and in working out multiyear

CHILE'S DEBT (Sm) 10,990 14,740 17,933 18,126 Z1_361

debt reachedulings with private creditors in conjunction with multilateral lending institu-An IMF team arrived in San-

Source: OECD DAC

An IMF team arrived in San-tiago this week to observe Chile's compliance with an ex-tended fund facility agree-ment and to discuss e possible extension of the accord to mid-1988. At tha end of August the Chilean central bank's net international reserves stood at \$1.5bn. A figure expected to increase by \$50m by the end of the year. the year.

Chila's balance of trade during the first eight months of the year showed a surplus of position. The US does have veto power over the LADB loans, and bolds 34.5 per cent of the vote distributed among 43 member countries represented on the LADB board. the year showed a surplus of \$860m, 64.3 per cent higher than the same period last year. The Chilean authorities will raise the possibility of using the country's international reserves if the World Bank fails to approve the strucural

adjustment loan. Chila has pending loan

approximately \$87m in other IADB losus.

month

Mr

Financial Times Thursday October 23 1988

plications worth about \$800m in the World Bank and the Inter American Development Bank. Earlier this In addition to the structual ad-justment loan, there is a \$300m IADB hean for a hydroelectric project south of Santiago and a variety of smaller loans for im-Francisco Cuadra, the regime's Secretary General and chief spokesman, said a negative vote sporesmen, said a negative vote on the World Bank loan could force the Government " to take basic political decisions, which could dominish the rhythm with which the transition (to democracy) has been managed." proving the country's economic nfrastructure.

The US holds only 20 per cent of the vote on the World Bank board, and no country has the power to veto loans. Britain, which controls 5.7 per cent of the vote, has a strong tradition of easing its vote on purely technical criteria, which means almost certain approval for the loan. The statement suggested that the statement suggested that the Pinochet regime might respond by adopting a defaut hardline stance, but also that the Chilean anthorities were taking the threatened US move very seriously.

Crackdown

for the loan. It is uncertain whether the US is considering merely voting against the multilateral loans or actually lobbying to block them—which would require a negative vote of 50.1 per cent. This could be achieved if other European constries, Australia and Canada who hold a total of 33.2 per cent of the World Bank votes, back such a US position. The spectre of Chile declaring a moratorium on its debt pay-ments, perhaps accompanied by nationalist rhetoric and an even harsher crackdown on dissi-dents, may worry some Reagan administration officials, but according to one former Chilean Government official, the Pino-chet regima is unlikely to adopt such a policy.

"The fallout from a debt moratorium would cost the Government crucial support from the Chile husiness com-munity," the former official munity," the former official said. "Pinochet is well aware that e nationalistic reaction said. that

In addition to the \$300m loan application for the hydroelectric project, Chile has requests for

for the loan.

would be a very short term solu-tion."

New pensions chief may boost divestment campaign

BY DAVID BLACKWELL IN NEW YORK

THE EXODUS of US com- as they possibly can." As long panies from South Africa- ago as 1978 he was advocating highlighted by the withdrawal sanctions against South Africa. of IBM and General Motors- TIAA-CREF is the pension THE EXODUS of US com-panies from South Africa-highlighted by the withdrawal of IBM and General Motors-is likely to gain momentum with the appointment of Dr Clifton Wharton, a fierce critic of spartheid as chairman and chief executive officer of TLAA-CREF, the biggest US pension fund with \$45bn (£31bn) nf in-vestments.

system for colleges, universities, independent schools, and educational associations across the

US. In July the group, which Fortune magazina ranks as the fourth most admired company in the life insurance industry, changed its stance on South Africa after sending a fact-finding mission there. It concluded that the situa-tion had become so balitical

resolutions pending on the issue, and is waiting to see tha response from other share-The group has \$6.5bn invested in companies with South racial workforce." It gave no African links. Tetry Dodsweith adds: War

ner Communications, the film and entartainment group, and entartainment group, announced yesterday that it was selling its South African operations, while Honeywell, the computer and technology group, said it was "considering certain options" for the sala of its South African affiliate.

Warner, which employs 150 people in South Africs, and has 30 per cour of the record market, sims to sell its local operation, WEA Records, to South African investors, African operations.

ft said it was making plans to accomplish the divestment "in the most fair and equitable action, nor its future relation-ship with the South African entarprise. Honeywell also employs 150

in South Africa, mainly in the distribution of imported control systems.

The company said discussions were going on at board level although no final action had yet been taken.

• In Italy Olivetti, the elec-tronics company, denied that it planned to expand its South



Clifton Wharton:

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Tokyo urged to speed up trade barrier removal

BY TIM DICKSON IN BRUSSELS

THE EUROPEAN Community yes-terday told Japan that it must speed up progress on removing trade bar-a more open approach. Most of the riers caused by unnecessarily re-strictive industrial standards and certification procedures.

The latest initiative - in the form porters, for example, and "no f an "aide memoire" delivered to changes have been made in respect of an "aide memoire" delivered to the Japanese amhassador in Brus- of categories of goods for which Eu-meeting of EEC foreign ministers when the state of trade relations with Tokyo will be high on the

It also coincides with trade figures for the first nine months of 1986 which show that Japan's surplus with the Community at \$13.3bn already comfortably exceeds the total for the whole of 1985 while Japanese imports from the EEC (in yen) are slightly down on the equivalent period last year.

Commission officials yesterday
The Community wascourse in registered their disappointment nt efforts made by the Japanese Min-developments in the electrical ap-istry of Transport to simplify Japa-nese certification requirements for pliances, cosmetic products, pharm-accuticals, motor vehicles and med-ical equipment fields since the short of the degree of liberalisation launch of Tokyo's much-publicised necessary to provide a major incon-Action Programme 12 months ago. "While there has been some prog-

ress with standards-related measures towards more market open-ings, it does not go as far as the Community would wish, or indeed • Aithough some measures repre-Action of the master of the sent as the guiding principles of sent a step towards further market the Action Programme itself might suggest," a spokesman explained. Yesterday's document concentrates on several key sectors: Action of the master of the sent a step towards further market openings for medical equipment - greater acceptance of foreign clini-cal test data, for example - others are relatively insignificant.

state insurance of overseas pro-ject husiness in safar markets are being offered in an attempt) balance the unbealthy-looking risk portfolio of the Export Credits Guarantce 71 products for which type approval was abolished in April 1980 are of "marginal interest" to European ex-Department. The Department said yester day that It was trying to win

business from exporters who have been deterred by high insurance premiums. Industry expects the dis-coonts to range as high as 25 per cent on standard rates. Premiums on projects in the cosmetic products into Japan show "n distinct improvement." They are, however, "unnecessarily rigid and will only be carried out over a rela-

most risky markets, however, are to be increased, possibly up tively long period." • The Community feels the action to 10 per cent. The department said its dirprogramme on pharmaceuticals is being carried out but is worried that it does not address "its priority count offer would apply especi-ally to exportere who chose "pore covar"—that is, those who did not avail themselves of the subsidised fixed-rate problem, namely the acceptability of European pre-clinical test data based upon European guidelines." interest credit scheme that tha Department operates on behalf of the UK Treasury.

Discounts, effective imme-diately, are for turnkey pro-jects, large capital goods con-tracts, including sales of ships and aircraft insured under the Buyer Credit and Specific Guarantee facilities. Standard premiums range from £2 per £100 to £8 or more per £100. ments could be made under each of The Department said it aimed to maintain premium income

roughly at presnt levels, hut to ancourage a greater spread between the best and the most risky business.

reject rice trade suit

Japan calls on US to

BY CARLA RAPOPORT IN TOKYO

TOP JAPANESE politicians are mission, headed by Mr Tsutoma in Washington this week to Heta, former Agriculture, urge the US to reject an unfair Forestry and Fisberies Minister, against Japan by the US Rice Japan maintains its protected Millers' Association.

accept or reject the association's accept or reject the associetion e The superior experime about the potition. If accepted, the US times the market price for their government will then investi-gate the claims and decide on ment price supports to rice whether to take action. The country is self-The Jepanese Government sufficient in rice.

rice market is a purely domestic Mr Clayton Yeutter, the US concern and not one the US Trade Representative, bas until should try to influence nr Monday to decide whether to change. The Japanese spend about 10

operation and Development.

Kevin Brown, Transport Correspondent, on a likely improvement in a devastated industry Debt shakeout prompts shipping optimism

THE WORLD shipping in also unwisely," Mr Michael dustry, which has been in deep Revell, senior vice president of decline for more than a decade, the US bank Marine Midland could be aboot to turn the fold a seminar in Oxford last corner. It is early days yet, but week."

WORLD TRADE NEWS

an increasing number of ship. Mr Revell added, however: ownere and financiers are will. "We are now almost at the end ing to go on record with fore-casts of a major improvement in the market. tory, but also one of the most

At first glance, it is difficult severe to affect any inter-to see why n spirit of optimism national industry for many, to see why a spirit of optimizing should be amerging in an in-dustry where ahip finance institutions have had to accept losses estimated et \$2bn in the many years." The crucial difference from earlier forecasts of improve-

ments is the attitude of the banks, which Mr Revell says last three years, and where estimates of losses in the next have now got a firm grip of their ship finance portfolios. Marina Midiaud itself has re-12 months range np to \$10bn. As the shake-out in the industry sweeps east from Europe through Hong Kong towards Japan, the shipping press is full of reports of ship arrests duced its exposure to ship fpance from about \$600m 18 months ago to around half that ievel now. In Mr Revell's view, it will

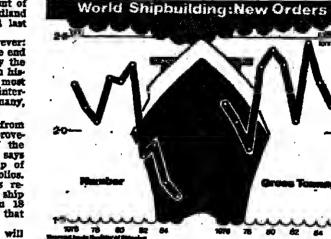
by creditors, and complex debt restructuring negotiations, not last those involving the huge Hong Kong shipping group Wah be a long time before the banks recover from the shocks of the past few years, and those that remain in ship funncing will radically responsise their lend-ing policies.

Kwong. Paradoxically, it is the very scale of the losses which have bad to be borne by the financing institutions, and their in-creasingly impatient reactions, " In fact, lending criterie are already changing," he said. " No longer is finance available for which many now hope will put the industry back on course. speculative new huilding. No longer is finance of any magni-tude available for very old tonnage. Few financial institu-

The sbipping recession was triggered by the 1973 oil crisis, which hankrupted famous names such as Reksten, Colocowhich tions are now prepared to lend to the small independent shiptronis and Burmah Oli Tankers. rons and Burman Oil Taikers, and put a huge strain on other companies, many burdened by buge debts on assets whose values fall by 50 per cent or more in a matter of months. "Looking back, it is clear to owner trading on the spot market — if he does not have substantial equity then he is dead."

BY LAURA RAUN IN AMSTERDAM

The changed attitude of ship financiers to lending is con-"Looking back, it is clear to financiers to lending is con- early 1980s." npportunity, see that the banks have not firmed by other bankars, includ. Henry Ansbacher, the mer- "Buying new ships at high prospe only lent over-generously, but ing Mr Bruce Lambie, deputy chant bank, also said that con- prices simply because the credit rates.



managing director of Den Norske Crédit Bank. Mr Lamhie said optimism was increasing among hoth bankers and ship-owners as ship values and charter rates improved, and ditions for ship financing had become "much more stringent" and forecast that this tougher approach would continue. "f think we ere going to look much more carefully at any new although oversupply was still a prohem," it would appear that we have passed through tha bottam." muce more carefully at any new building projects because we are very aware that a substan-tial building programme could put the industry back where it came from," an official of the bank astd.

Mr Lambe said Den Norske Credit Bank had been "quite active" in ship financing in the past year, but in common with other banks was lending less bank said. According to Mr Paul Slater, chairman of First International Capital, the immediate future for shipping locks bleak, but the industry is on the threshold of a period of real growth and money per vessel in proportion to the equity provided by the owner " and far less than in the early 1980s."

McDonnell unveils iet

By Michael Donne, respace Corresponde

MCDONNELL DOUGLAS, the US sireraft manufacturer, is today rolling out e smaller version of its successful MD-80 series of twin jet airliners.

The new aircraft—the MD-87 —is designed to carry up to about 180 passengers, com-pared with the 155 passengers of larger models in the MD-80

series.

terms appear soft and because delayed delivery postpones the reality of current freight mar-kets is a false economy," he

Acts is a taise economy," he said. Greater financial stringency by lending institutions is likely to reduce orders for new ships, which would hurt the ship-building industry, but would help to bring supply and demand back into haiance. Marine Midland estimates that around 24m tonnes of shipping is currently on order from the world'a shipyards, compared with 70m tonnes 10 years ago. The level of new orders is believed to have fallen again in the first half of this year, though figures are not yet available. This allowdown in ordering, combined with reductions in shipyard capacity, a steady rete of scrapping of old tonnage, and a reduction in the number of owners, could lead to an increase in freight rates and asset values on e scale described

asset values on e scale described by Mr Revell as "a fairly dramatic recovery."

There is still a long way to go, however. Mr Harvey Romoff, chief executive of Canadian Pacific's shipping operations, said tha underlying trend in the market was improving, though It was still very far from boom-

Tha major threat to long-term Tha major threat to long-term recovery identified by hoth ship-owners and financing institu-tions is a surge ip orders for new ships, especially if the com-panies placing the orders ere simply speculating on the prospects of improved freight rates.

Lot set for joint venture BY CHRISTOPHER BOBINSKI IN WARSAW

which was started in 1979.

. .

the hotel.

LOT, the Polish state airline, stake in the vanture which is appears set to be the first com-pany in Poland to enter into a joint venture involving Western capital under new legislation passed last April. Not is any complete to make in the vanture which is worth \$10m while the other cent each. Profits are to be divided accordingly.

capital under new registation passed last April. Lot is anxious to complete work on its central Wersaw eir terminal and hotel complex and boost Poland's hard currency earnings has so far been The atrline is welting for small both at home and in the foreign trade ministry agree. West.

The attline is weining for small both at home and in the foreign trade ministry agree. West. The foreign trade ministry libeu, an Austrian construction says some 40 Polish companies company, and Marriot of the US ere at present talking to poten-which would complete and run tial Western partners.

A questionnaire sent out by An Austrian bank has agreed the Polish chamber of com-the redits for tha project on con-dition that the joint venture is givan official approval by the end of the year. companies ready to enter into Lot will hold a 52 per cent a joint venture.

Dutch reply in flower row That means trying to increase its exposure to countries graded "B" and "C" in the Department's confidential risk classification and to reduce ex-posure in the "D" markets. In recent years tha ECGD's exposure to "C" and "D" markets has grown from 38 per cent to 53 per cent and the par-liamentary Public Accounts Committee has urged the Department to redress the

balance. and several Latin-American The volume of new project business insured has dropped from a peak of \$6.4bn in 1982-83 to under £3bn in the last financountries violated US trade-

subsidy regulations. Dutch exporters have heen accused of receiving illicit subsidies through cheap fuel cial year. Tha fall is due to payments difficulties in deve-

payments diminities in deve-loping countries, greater inter-national competition and the reduction of credit subsidies agreed by members of the Organisation for Economic Co-

THE DUTCH flower industry The US international trade yesterday said it hoped the commission (ITG) must now US would reverse a judgment determine whether the US by its Commerce Department flower industry has been hurt that flower exports from tha hy the subsidised imports be Netherlands and other countries fore any countervailing duties were illegally subsidised. can be imposed. The commerce department is exported to imposed. The department ruled earlier department is expected to issue this week that cut flowers from further rulings soon on whether the Netherlands, Israel, Canada Subsidised flower imports con-

etitute dumping. The Netherlands is by far the world's leader in cut-flower ex-

ports, claiming 63 per cent of

TECHNOLOGY

Post-Chernobyl battle for power

David Fishlock, Science Editor, reports on the state of play at Europe's fast reactor club

The computing

technology page

appear tomorrow

demonstrator, following

prototypes.

reactors for nuclear power is taking a heavy political buffet-ting in the turbulent wake of

chernobyl's explosion and fall-out. This will be the biggest problem facing Mr John Collier, chairman-designate of the UK Atomic Energy Anthority (AEA), when he returns to the state-owned nuclear research agency next month, after a stint with the Central Electricity Generating Board. As he sees it, the political will of et least ene, perhaps more, of the six pariners in Europe's fast reactor club has been seriously eroded by the eccident.

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The European fast reactor club is one of the world's most ambitious co-operative technical ventures. Six governments are pooling about £300m e year with the objective of giving European industry a competi-tive commercial design of fast reactor, attractive to its elec-tricity supply companies.

The six members are Bel-gium, France, West Germany, Italy, the Netherlands and the UK. The Paris-based club plans two or three Euro-reactors; big demonstrators of about 1,000 Mw output, and associated demenstration facilities to com-plete the fuel cycle, e crucial facet ef fast-reactor econemics. Its programma is long, ex-

covering the period until two The fast reactor club is years after the last of the backed by an inter-government demonstrators has reached full memorandum of understanding power. Its aim is to give the (MOU), with most of its cash

EUROPE'S drive to develop fast electricity companies confidence state-owned and private com-panies are also participating, including the German Inter-atom, a Siemens subsidiary, and about costs, reliability, avail-ability, licensing and, of course, safety. One stated objective is a "user-friendly" reactor, tolerant of operator error. Belgium's Belgonncleaire.

> All this, however, will hinge on the club's ability to over-came its political problems. First among these is the fact that the government of North Rhine Westphalia is refusing to license a DM 6.5bn prototype fast reactor, the SRN 300. The same minister who issued 14 partial permits as construction of the reactor proceeded now condemus the project as a "Hellfre,"

This reactor was built as part This reactor was built as part of a major tripartite coopera-tion, between Germany, Bel-gium and the Netherlands, dat-ing from 1966. It was this pro-gramme, the DeBeNe, which formed the basis of the larger European club.

Mr Robin Nichelson, who as secretary of the UK AEA until last menth has been Britain's chief negotiator with the club, claims that despite the long programme the fast reactor is "nearer to commercial deploy-ment than any ether collaborative reactor development pro-ject so far." At the Joint European Torus (JET) project at Culham in the UK tha talk is of e European fusion reactor

being 40 years in the future. AEA. Britain alone is spending ebont £100m e year, and the fast reactor is the biggest single programme of the UK AEA. The club aims te persuade

coming from the taxpayer. But Europe's electricity companies to pay for up to three further demonstrators, Euro 1, Euro 2 and Euro 3, in different comtries. The last is envisaged as a system "ready for com-mercial exploitation," with a design life of 40 years and low Altogether, about 20 organisations are involved. Increasingly, the electricity companies are exfuel costs because of the long time its fuel can be allowed to remain in the reactor. The club's rivals inter-

nationally are the US, spending ebout £100m e year on fast reactor research and develop-ment, and Japan. Both of these Dr Klaus Messer, a director of RWE, Germany's biggest electricity company, believes firmly in the stabilising influ-ence of co-operation. "If we had not had the international collaboration, we would be changing tha programme every four years.

by Alan Cane will The club already embodies over a decade's experience of two 250 Mw prototype fast reacters, Phénix at Marcoule and PFR at Dounreay. In addi-tien the 1,200 Mw Superphénix (SPX1) at Creys-Malville came on-load early this year. The club contends that experi-ence of these systems suggests Euro 3 should match and even better the availability and reliability of present-day reac-tors. Feult rates are low and recovery is quick, it claims. Club members also take con-The club siready embodies are seen as potential future club members. The USSR also chib members. The USSK also has a major programme of fast reactor development, the pro-mise of which was being stressed by Soviet delegates to tha Chernobyl " post mortem." The Soviets have recently begun construction of an 800 Mw demonstration of an 800 Mw Club members also take con-

Europe's club is "a massive undertaking by any standards," according to Dr David Evans, e senior executiva with the UK fidence from the way majer engineering problems with both prototypes have been overcome. They now plan e lengthy pro-gramme of what they call "features testing" of major components in dedicated facilities in different countries. Potential economic gains from

long life can be large-shout 5 per cent off the capital cost if the guaranteed life can be increased from 35 te 40 years, they estimate.

The club did not start with a clean slate, but evolved from several decades of national effort. Apart from the 1966 SRN 300 venture, Germany and France agreed in 1976 to co-operate in the development of

advanced reacters. Through prior agreements with Belgium, the Netherlands and Italy, five countries were linked loosely in fast reactor development. The 1984 the MOU brought Britain into the club and pro-vided an "umbrella" agree-

ment under which e whole raft of more detailed and specific agreements covering research, intellectual property rights, and industrial matters have been signed by 20 participating andresiment

Research and development alone involves 10 organisations. France has just one, the Com-missariat a l'Energie Atomique; Britain has two, the UK AEA and British Nuclear Fuels: Germany has five led by Karlsrube.

This complexity of origins, coupled with national custom in engineering safety, raised in engineering safety, raised difficulties for any early ideas of a common safety philosophy for the Euro demonstrators. So tha chub agreed that its Euro reactors will be designed to tha safety requirements of tha bost nation, with a common safety



Mr John Collier, chairman-designate of the UK Atomic Energy Authority: He will face strong anti-fast reactor pressure from politicians.

the yardstick but it has built design evolving as the programme proceeds.

fewer, more costly units than France. It claims the cost of its latest fast reactor design, SRN2--which could become Euro 1--will be very close to contemporary PWRs. The club's central objective is a fast reector competitive in costs with present-day (thermal) reactors. But this target differs from country to country. Britain's yardstick is the ad-

France has the toughest target vanced gas-cooled reactor (AGR). The UK AEA claims to meet because it bas virtually been "mass-producing" presthet its latest ideas on design surised water reactors (PWRs). Current estimates suggest the fast reactor in France is now abont 50 per cent mere expensive than a PWR,

For Germany the PWR is also



are 10-20 per cent higher than PWR costs.

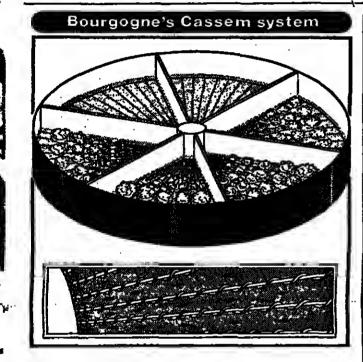
Much of the progress for the rest of the century ceuld come from a better understanding of the limits of performance in every part of e very cemplex nuclear engine and from the growing confidence of the designer for shedding re-dundant material and systems just as aircraft designers learn with experience when they can leave out one, even two engines.

Earlier this year the House of Lords select committee en the European Communities, investigating nuclear power in Europe, came to the conclusion that where and when Euro 1 is to be built "should be settled quickly to prevent this questien jeopardising the entire colaborative programme." It found thet commercial fast reactors will almest certainly be needed "for reasons of safety and fuel cycle efficiency."

It was told by one expert wit-If was told by one expert wit-ness that by the time they are ready, they will prebebly be the safest type of reacter available, by virtue ef such features as their low pressure and large beat sink of melten metal cool-

and from fuel cycle dem DORSTRA Oppesition during the peer's bearing focused en cost and need, and the fact that fast tions suggest its Euro demenstrator will ba almost competitive with AGR costs. But the Central Electricity Generating reactors make plutonium more readily than thermal reactors. Board believes that AGR costs

reactor



IT IS A MOMENT YOU PLANNED FOR. REACHED FOR. STRUGGLED FOR. A LONG-AWAITED MOMENT OF SUCCESS. OMEGA, FOR THIS AND ALL YOUR SIGNIFICANT MOMENTS.

How French screw can save greenhouse space

GREENHOUSE SPACE could be much better utilised, allowing perhaps 10 times as much food te be grown at much lower cost, according to French inventor Pierre

French inventor Fierre Bourgogne. Conventieually, when seeds for vegetables like leituces or cabbages are planted, large spaces have to be left between them to allow for growth to full size. The alternative is to replant at intervals, which is labour intensive and losse a monortion of the matter. a proportion of the plants.

Bourgogne's idea is to use Bourgogne's lidea is to use circular growing containers 120 ft across, and filled with a mutrient solution. Under-neath is a steel network like a giant spoked wheel laid flat. The spokes are, how-ever, elongated acrews with the thread compressed near the hnb, and gradually un-winding into a looser spiral towards the ring.

winding into a looser spiral towards the rim. . Seeds are sown, from a hopper at the hub, into car-tons which move out towards the rim very slowly as the screws turn. The distance between the cartons is there-fore increased progressively. fore increased progressively. At first the plants move about an inch a day, but by the time they are harvested their speed can be an inch an hour. Journey time to the rim is about two months. Artificial light and heat are used so vegetables can be grown all

vegetations can be govern an Mir Bourgogne's scheme, called Cassem, is being officially backed in France. His address is 2bis, rue des Ponchettes, 5 Quai des Etats Unis, F-06200, Nice. DREXLER TECHNOLOGY Corporation has sold a licence

fer the use of its LaserCard to Pesch and Company, a fellow US group which has interests on the country's health care market.

health care marker. The LaserCard uses optical recording on a credit card-sized piece of plastic able to store about 800 pages of con-ventional text. Drexler has aiready licensed the card to Bine Cross, the big US medical insurance group, where the idea is to record a com-plete medical record on an individual's card. In an ambalance or hespital, the card can be plugged in to a reader to reveal the patient's

medical history. Pesch plans to test market the LaserCard in several of the LaserCard in several or its health care facilities in the ext few months. To date, Drexler has signed 24 ether licensing agreements with such corporations as Toshiba, Canon, Honeywell, Matsu-bits Olympute Olivetti and Canon, Honeywell, shita, Olympus, Olivetti and

Hitachi, but few develop-ments have yet been announced by these companies. MAP ADVISORY Centre for

MAP ADVISORY Course for Europe (MACE), part of Systems Dynamics of Ricz-mansworth, Hertfordshire UK, has published a directory of products conforming to the General Motors manufactur-ing automation protocol (MAP) specifications.

Compiled by contacting 400 equipment makers around the world, the directery contains 287 MAP-conforming pro-ducts, from 97 suppliers, and costs £360. It is a complicers, and costs £360. It is a complimen-tary publication to a technical guide called "OSI, MAP and TOP" from the same com-pany. A further report, "Implementing MAP," will be wribled econ Ware on published 99278 5466. on. More 011

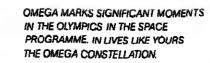
WORTH WATCHING **Edited** by Geoff Charlieb

ELECTRONIC PUBLISHING ELECTRONIC PUBLISHING designed by Intergraph, the US-based computer-aided design company, has gone into action at British Ball Engineering (BRE) in Derby. The system will be used for producing instruction manuals and illustrated lists of parts for railway rolling stock. This is Intergraph's first delivery for railway roining stock. This is Intergraph's first delivery of a publishing system in the UK, although BRE has already used the company's screen and keyboard systems to design its new International Coach Coach

The software supplied in-cludes word processing and some programs that allow merging of text and graphics and the origination of technical illustrations.

THE COMPUTER-AIDED engineering (CAE) market is suffering from its longest cyclical depression to date, according to UK brokers Henry Cooke Lamsden CHCL).

(HCL). CAE is an enhancement of computer-aided design (CAD) in which the CAD database of dimensional data interacts with other design and materials information te allow the engineering character-istics of a product to be assessed and varied on-screen. HCL says that all previous shumes have lasted for about iumps have lasted fer about 18 months, whereas the cur-rent period has run 30 months -longer than the imme-diately preceding period of prosperity.







When you leave your hotel, you'll notice the difference between British Airways and SAS.

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you simply can't miss the difference. With SAS, you check in for your flight when you check out of your hotel.

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Without your luggage to weigh you down, it's no wonder you're jumping for joy.

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This is just one of the ways we're making it easier for people who travel on business. We don't call ourselves The Businessman's Airfine for nothing.



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Registration No. \$5 \$1239 66 A Member of the Barlow Band Group PROFIT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 20 SEPTEMBER 1986

The andited consolidated results of Rand Mines Properties Limited ("RMP") and its subsidiaries for the year ended 30 September 1986 are set out below:

INCOME STATEMENT

INCOME STATEMENT			
	1956	1985 B000	Change
Turnover	2000 76 252	75 276	% +1
······································			*****
Operating profit: Property			
-Property	854 19 110	8 874 14 406	90 +38
-Sand treatment	. 19 110		7.00
	19 964	23 280	-14
nterest received	2 588	6 265	-50
	22 552	29 545	-24
Interest paid	22 562 182	321	- 68
Profit before taxation	22 449	29 224	-23
Texation		7 938	-25
Profit after taxation	15 270	21 286	-28
Shares in issue (000's)	12 403	12 403	
Earnings per share (cents)	. 127	172	
Dividends per share (cents)		65 2.6	
Dividend cover			
BALANCE SHEET	1985	1085	
	3600	R000	
Source of capital Share capital and reserves	121 942	114 734	
Long-term liabilities	513	547	
Deferred taxation		5 476	
	132 383	120 757	
Employment of capital	100 000	74 099	
Fired assets	192 800	74 pz 3	
residues	35 051	35 090	
Current assets	19 724	33 195	
Stocks and stores	3 034	2 238	
Cash and gold on consignment	7149	11 310 19 647	
	the second se	142 308	
Correct liabilities		21 551	
Interest bearing		97	
Other	25 158	21 454	
	152 383	120 757	
A March Readman			
Salvent learniss			
Net asset value per share (cents)		925	
Net asset value per share (cents) Liabilities to equity ratio	9.21	0.19	
Vet asset value per share (cents) Liabilities to equity ratio	9.21		
Net asset value per share (cents) Labilities to equity ratio Current ratio	9.21	0.19	
Net asset value per share (cents) Labilities to equity ratio Current ratio	9.21	0.19	
Vet asset value per share (cents) habilities to equity ratio Current ratio Votes: 	9,21 9,25 1986	0.19 1.54 1985	
Ver asset value per share (cents) tablittes to equity ratio current ratio Nates: . Sand treatment Operating results Sand and silme treated (000 tans)	9.21 9.23 1986 5.421	0.19 1.54 1985 5,813	
Net asset value per share (cents) tabilities to equity ratio	9,21 9,75 1986 5,421 7,329	0.19 1.54 1985 5.813 2.024	
Net asset value per share (cents)	9,21 6.75 1986 5,421 2,399 9,44	0.19 1.54 1985 5,813	
Net asset value per share (cents) Liablities to equity ratio	9,21 9,75 1986 5,421 2,399 9,44 11,68 7,14	0.19 1.54 1985 5.813 2.824 0.49 9.82 8.14	
Net asset value per share (cents) Liablities to equity ratio Current ratio Notes: L. Sand treatment Operating results Sand and slime treated (009 tans) Goid produced (kg) Yield (grams per ton) Revenue (rands per ton treated) Cost (rands per ton treated) Working profit (rands per tog treated)	9,21 6.75 1986 5,421 2,399 6,44 11,65 7,14 4,84	0.19 1.54 5.813 2.824 0.49 9.82 8.14 3.66	
Net asset value per share (cents) Liablities to equity ratio Current ratio Notes: 1. Sand treatment Operating results Sand and slime treated (009 tens) Gold produced (kg)	9,21 6.75 5 421 2 396 0.44 <u>11.68</u> 7,14 4,84 26 241	0.19 1.54 5.813 2.824 0.49 9.82 8.14 3.68 19.571	
Net asset value per share (cents) Liabilities to equity ratio Current ratio Notes: Sand ireatment Operating results Sand and slime treated (009 tans) Gold produced (kg) Yield (grams per ion) Revenue (rands per ton treated) Cost (rands per ton treated) Working profit (rands per ton ireated) Gold price received (rand per kg)	9,21 6.75 1986 5,421 2,394 0.44 11,68 7,14 4,84 26,241 8,000	0.19 1.54 5.813 2.824 0.49 9.82 6.14 3.68 19.571 8000	
Net asset value per share (cents) Aabilities to equity ratio Surrent satio Notes: Sand treatment Operating results Sand and slime treated (009 tans) Gold produced (kg) Yield (grams per ton) Revenue (rands per ton treated) Cost (rands per ton treated) Working profit (rands per ton treated) Working profit (rands per ton treated) Gold price received (rand per kg) Hovpout	9,21 9,21 9,75 5,421 2,399 9,44 11,56 7,14 4,84 26,241 8,040 63,523 5,421 1,986	0.19 1.54 5.813 2.624 0.49 9.82 6.14 3.68 19.571 R000 62.179	
Ver asset value per share (cents) habilities to equity ratio current ratio Notes: Sand treatment Operating results Sand and alime treated (009 tans) Gold produced (kg) Yield (grams per ion) Revenue (rands per ton treated) Cost (rands per ton treated) Working profit (rands per tog treated) Gold price received (rand per kg)	9,21 9,21 9,75 5,421 2,399 9,44 11,56 7,14 4,84 26,241 8,040 63,523 85,633	0.19 1.54 5.813 2.824 0.49 9.82 6.14 3.68 19.571 8.000 52.179 33.849	
Ver asset value per share (cents) Aablitties to equity ratio Current ratio Notes: Sand treatment Operating results Sand and silme treated (009 tans) Gold produced (kg) Yield (grams per ton) Revenue (rands per ton treated) Cost (rands per ton treated) Working profit (rands per tog breated) Revenue Cost4	9,21 6.75 1986 5,421 2,399 6,44 11,65 7,14 26,241 8,040 63,523 38,653 24,638	0.19 1.54 1985 5.813 2.624 0.49 9.82 6.14 3.66 19.571 R000 62.179 33.649 19.580	
Ver asset value per share (cents) Aabilities to equity ratio Surrent ratio Notes: Sand treatment Operating results Sand and slime treated (009 tans) Gold produced (kg) Yield (grams per ton) Revenue (rands per ton treated) Cost (rands per ton treated) Working profit (rands per ton treated) Working profit (rands per ton treated) Gold price received (rand per kg) Hovenue	9,21 6.75 5,421 2,399 6,44 11,68 7,14 4,84 26,241 8,000 63,522 85,655 24,639	0.19 1.54 5.813 2.824 0.49 9.82 6.14 3.68 19.571 8.000 52.179 33.849	
Net asset value per share (cents) L'abilities to equity ratio Surrent satio Notes: Sand treatment Operating results Sand and slime treated (009 tans) Gold produced (kg) Vield (grams per ton) Revenue (rands per ton treated) Cost (rands per ton treated) Working profit Cost4	9,21 6.75 1986 5 421 2 399 0.44 11.68 7,14 4,84 26 241 8000 63 522 35 633 24 639 5 529	0.19 1.54 1985 5.813 2.824 0.49 9.82 8.14 3.68 19 571 8000 \$2,179 33,849 19 580 5,124	
Net asset value per share (cents) Liabilities to equity ratio Current ratio Notes: (. Sand treatment Operating results Sand and silme treated (009 tens) Gold produced (kg) Yield (grams per ton) Revenue (rands per ton treated) Cost (rands per ton treated) Working profit	9,21 6.75 1986 5,421 2,399 0,44 11,68 7,14 4,84 2,6241 8,000 6,7,523 2,6241 8,000 6,7,523 2,633 2,4,639 5,529 19,110	0.19 1.54 1985 5.813 2.824 0.49 9.82 8.14 3.68 19.571 R000 \$2.179 33.849 19.580 5.124 19.580 5.124	
Operating results Sand and silme treated (009 tans) Goid produced (kg) Vield (grams per ton) Revenue (rands per ton treated) Cost (rands per ton treated) Working profit (rands per kg) main Gold price received (rand per kg) Revenue Cost4	9,21 6.75 5 421 2 399 0.44 11,68 7,14 26 241 8000 63 522 38 683 24 629 5 529 19 110	0.19 1.54 1985 5.813 2.824 0.49 9.82 8.14 3.68 19 571 8000 \$2,179 33,849 19 580 5,124	

Profit after taxation declined from R21.3 million in 1985 to R15.3 million due to the substantial reduction in profits from property activities. The timing in finalisation of certain township land sales caused profits to be less than these forecast in the interim statement to shareholders. Prior to the financial year end an agreement for the sale of 15.7 hectares of township land soned for retail surgester was concluded. Profit before taxation amounting to approximately R6.0 million will be taken to account upon fulfilment of certain suspensive conditions stipulated by the purchaser and proclamation of the proposed township.

INTERNATIONAL COMPANIES

Kenneth Gooding puts the bid for Alfa Romeo in context Ford pursues goal of a worldwide 'family'

with Figt of Haly. Then it thought briefly about taking over state-owned Austin Rover in the UK. Now it is heavily involved in discussions with the Italian government about the Alfa Romeo car business. Mr Harold "Red" Poling, Yord's president, says this does not mean his campany feels it urgently needs to merge with another group or to buy method another group or to outy another company in Europe. He points out Ford made good progress in Europe in 1985, indicated by profits which doubled to \$326m. "We're im-proving on that this year and hobbing for most most of the second looking for next year to be better." Mr Poling gives every indication of wanting the Alfa Romeo deal to be concluded successme fully; the Italian company has the ottraction of a good name and has some fine engineers, he and has some time transformer and says. But "an association with another company is not essen-tial for Ford's continued suc-cess in Europe. You always want to look et opportunities for building on your strength, that is really what we have in mind." Ford has made firm proposals for Alfa Romeo, which would lead to the US group eventu-ally taking control. JRI-Finmeccanica, the Italian state holding company, has promised to respond by November 7. If the Alfa Romeo deal goes ahead, it would almost certainly rule out Ford as a potential partner for Austin Rover, should the new management team and the UK government year after coming undor intense nationalistic pressure — decide to offer the company for sale after all.

IN THE past year Ford, we would not want to over-second-largest of the world'a motor groups, has attempted to enlarge extensively its West It first talked about a merger with the date of the world not want to make sure we were suc-business in the US, says worried lest its profitabla if it moved too close to the US in the Value of the world and in a part of follow General Motors' recent the market where we beve not example and quit the heavy been participating before. I truck business in the US, says would like to think that is the increased its penetration of the world control to be and if it moved too close to the US

In April Ford changed its group. management team in Europe. Mr Kennoth Whipple, previously executive vice-president responsible for corporate strategy. took over as chairman of Ford of Europe from Mr Bob Lutz. Mr Lutz, apparently demoted, soon left Ford for Chrysler, third-largest of the US motor groups.

groups Mr Derek Baron, another strategist, was brought in from

the Brazilian subsidiary to become chairman of Ford of Britain.

The two newcomers are expected to bring a more analytical approach to Ford's Euro-pean business — and are also seen very much as "Mr Poling's

men." Mr Poling avoids answering suggestions that he has tightened his grip ou Ford of Europe now that Mr Lutz has gone and that the European operations are being controlled

more closely from the Dearborn headquarters in tha US. "Tha team over there is well settled in and functioning smoothly." is his only comment. As to whether Ford might

As to whether Ford might consider more joint ventures in Europe. Mr Poling says that, while it makes a great deal of sense for two or three car makers to join forces to pro-duce components such as engines which need high volume (500 000 a man) to intic the engines which noed high volume (500,000 a year) to justify the investment, it is more likely that Ford will keep co-operation within the family-between its subsidiaries in North America, South America, Europe and Mazda, its Japanese associate. Ford is already significantly strengthening its relationship with Mazda, the Jepanese group in which it acquired a 25 per cent shareholding seven years ago. Mr Poling points out: "It is ago. simply a matter of resources, Th

to the US.

Mr Harold Poling; "simply a matter of resources

Michigan, with the acpocity to assemble up to 300,000 cars a

Flat Rock will contribute to 2.3m of new annual car pro-duation capacity Japanese com-panies will transplant to the US by the early 1990s, a phe-idea of building small cars in nomenon which will threaten memon which will threaten continue factories. Flat Rock will contribute to

existing factories. Mr Poling admits Ford will be giving the Mazda project a great deal of help by taking half the outpat, but he insists th US group has no alternative. "There will be competition in this country from low-cost pro-ducers and if wo are unsuccess-ful in being eblo to compete in all segments of the market with find a way of competing with imports. Mr Poling says it is very diffi-cult for Ford to put an invest-iev because tho people involved do not spend all their time on tho programme. Ho suggests it wold also be unwise to allocate a budget to tho project. find a way of competing with The relationship really blos-

imports. "So far the import total is Neither does Ford intend to tions.

increased its penetration of the US Class 8 (heavy truck) if it moved too close to the US group. For example, Ford will buy half the output of the factory Marda is building at Flat Rock, Marda also not be at building also not competition Japanese plants. Mazda also pro- competition.

vides components for a new Ford is also tackling the Ford car assembly plant in problems caused by the difficult Mexico which will export a sub-stantial proportion of its output America. It has started discussions with Volkswagen about

to the US. Stons with Volkswagen about The two companies are also involved in a co-operative ven-ture with Kiz in South Korea ward product plans and Mr which will produce mini cars Poling believes they could get for Ford's North American out-much bottar use out of their

which will produce for Ford's North American out-lets from the spring of 1987. Ford recently paid \$30m for a 10 per cent shareholding in Kia " to signify we think this is to bo a long-term relationship— and to get a share of the manu-such as Argentina? "I think we sould need to finish our discus-sions about Brazil and then see what other potential there is." to bo a long-term relationship-and to get a share of tho manu-facturing profits." He suggested Taiwan is another location that will be strategically important in the global car industry of the future. Ford has its own sub-sidiary in Taiwan and "we have a yery good, well-educated, highly motivated, high-quality workforce in that country. They have many of the same benefits as Korea. And they need an export programme." Ford has not given up the

ever. The new models have been very well received but Ford will not be able to rest ou its laurels. Annual capital expendi-ture will be e little higher than the \$3.7bn for 1985 during the Alpha programma which in-volves a completoly different volves a completely dimortant approach to designing, develop-ing, building and distributing cars. Mr Poling says Ford will remain heavily reliant on cars

remain heavily reliant on cara and trucks However, Ford will continue to broaden its earnings base by building up its interests in electronics, financial services and particularly aarospace where it is looking for acquisi-tions





- Final dividend A final dividend A final dividend of 48 cents (1985: 48 cents) per share has been declared in terms of the accompanying dividend notice. The total distribution for the year is 65 cents (1985: 65 cents) per share. Posting of annual financial statements The company's annual financial statements the second half of November 1989. For and on behalf of the board

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D. T. WA:	FT)	-
J. E. FOR A. B. HAL		Direc

22 October 1986

Johannesburg

DECLARATION OF DIVIDEND NO. \$1

Notice is hereby given that a final dividend number of 21 of 48 cents per share has been declared in South African currency as a final dividend in respect of the year ended 30 September 1986 payable to members registered at the close of business on 14 November 1886, This dividend, togethes with the interim dividend number 20 of 17 cents per share which was declared on 28 April 1986, makes a total distribution in respect of the financial year ended 30 September 1986 of 65 cents per share (1985; 65 cents per share).

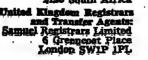
The register of members of the company will be closed from 15 November to 21 November 1966, inclusive, and dividend warrants will be posted on or about 2 January 1987.

The dividend is declared in the currency of the Republic of South Africa. The rate of exchange at which the dividend will be converted into United Kingdom currency for payment by the United Kingdom registrars, transfer and paying agents will be the telegraphia rate of exchange between Johannesburg and London ruling on the first, business day after 15 November 1985 on which foreign currency dealings are transacted. By order of the board

22 October 1986	
Registered Office:	
5 Press Avenue	
Crown Mines	
2092 South Africa (P.O. Box 27, Crowp	Mines
2025 South Africa)	

Secretaries in the United Kingdom: Charter Consolidated Services Limited 40 Holbern Vigdact London ECIP 1AJ

S. MIA. Transfer Secretaries: Rand Registrars Limited er Northern Parkway and Mandel Road Ormonde, Johannesburg 2001 South Africa (P.O. Box 85549, Southdale 2135 South Africa



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Italy and the International Economy

ROME, 10 & 11 November 1986

ne return this Financial Times Conference Organisation Minster House, Arthur Street, London ECAR SAX.

LARE CELLCA/CERRESO OTTICAL CARRIER. Alitalia

The good old days?

the contribution of a century of chemistry, through the growth of companies like Bayer.

A day at the Seaside - one of

those great British traditions

that had its origins in Victorian

times, when the railway boom

brought travel within the reach

Today, the girls (1) would be

just as likely to do their pad-

dling on a much more distant

shore; their garments (2) would

certainly be far fewer and

lighter than convention decreed

Contrasts like this owe much to

of ordinary people.

necessary in 1890.

Fast travel by plane or hovercraft was helped by the development of tough, lightweight materials like engineering plastics, synthetic rubber, adhesives and protective coatings. Beachwear and fashions are now lighter and brighter with the advent of man-made fibres such as Dralon," and with modern dyestuffs.

A hundred years ago, a dip in the sea (3) was thought to be therapeutic, but water in many parts of the world has too often been a carrier of fatal disease. As early as 1890, pharmaceuticals developed by Bayer were helping to combat many waterborne tropical diseases, like sleeping sickness and malaria. More recently, the same expertise has come to the aid of many who suffer from heart disease.

Certainly, more ills remain to be cured, as do problems in our environment, but the skills and the resources are there. It is to this end that Bayer spends more than £500 million a year in its commitment to improving the quality of life.



Improving the quality of life.

If you would like a print of this photograph, or more information about Bayer, write to Dept A, Bayer UK Limited, Bayer House, Newbury, Berks RG13 IIA.

UK NEWS COOL RESPONSE TO TRANSFERABLE ALLOWANCES PROPOSAL

March budget. In contrast a num-

ber of national professional associa-

tions and pressure groups have come out strongly against the Gov-

The proposals involved the scrap-

ping of the married man's income

tax allowance and its replacement

with a system of equal allowances

which would be transferable be-

tween married partners. The new system, which could be introduced

in the early 1990s when the Inland

Revenue is fully computerised, would cost the Government around

WARING & GILLOW, the furniture

and carpet retailer, has set course

for a return to the stock market

with the private placement of

£5bn in lost revenue.

BY CLAY HABBIS

gramme.

ernment'a plan.

BAe asks for Hyundai to double state funding on sales target Airbus venture in Britain By Kenneth Gooding,

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AEROSPACE, the air-craft, missiles and space manufac-turing group, has asked the Govern-bad to find its share of cash for the ment for cash to participate in the manufacture of the next generation of European Airbuses the A-330 and

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A-340. Details of the request were not disclosed but it is believed to be between £500m and £700m or at least 90 per cent of what BAe believes that its share of developing the wings for the two new aircraft will involve.

BAe has always said it would seek Government support for the new ventures at the same levels that the French and West German Governments give to the A-330/A-340 programme.

Those two governments are be-lieved to be giving up to 90 per cent to launch Aerospatiale and Deutsche Airbus, the French and West German partners in the Air-

BAe accepts, however, that there could be a considerable difference between what it seeks and what it eventually gets after what is likely to be a long period of delicate nego-

The Government, it is believed feels that part of the cash - and probably a substantial part - should be found by BAe from its own resources or through borrowing. It argues that BAe should have

no difficulty raising the cash if it is avinced of the worldwide success of the venture. BAe said, however, that its own

resources were heavily committed where. to other civil programmes. These But once BA is privatised, it will be able to ignore both Government ere the Advanced Turbo-Prop and Type 146 four-engined regional jet and trade union pressures.

HYUNDAI MOTORS, South Korea's leading car producer, intends to more than double its UK sales in the next two years, according to Mr work on the wings of existing Airbus A-300s, A-310s and A-320s. Without substantial Government Chung Se Yung, the president. Ching Se Ying, the president. The sales target for this year is 9,000, up from 5,159 in 1985, rising to 15,000 next year and 20,000 in 1988. The privately owned UK im-porter, part of the International Mo-tors group of West Bromwich, support, BAe would be forced to withdraw from the A-330/A-340 ven-

tures to the detriment of the UK civil aerospace industry. There were some other difficulties. The Department of Trade and

wants to increase the number of dealers to cope with the forecast rise in sales, from 170 at present to 200 "as soon as possible" and even-Industry was not convinced that both the two new Airbus ventures were necessary. While it felt there may be a market for the A-330 tually 250. - a twin-engined short-to-medium range aircraft for routes with high Hyundai cars have been on the UK market only since February

1982 and Mr Chung said, during a visit to the Birmingham Motor traffic loads - it was much less con-vinced of the need for the A-340, de-Show, "the potential is huge." signed for very long ranges with lower traffic loads that prevent the

His confidence springs from Hy-undal'a success in North America. use of bigger Jumbo jets. This view is shared by British Airways, which would like to see the A-330 developed for use on its In Canada it has become the bestselling imported make, partly because of the restrictions imposed on short-range European routes but which is not interested in the A-340. the Japanese, and in its first year in the US sales will reach 100,000.

BA would prefer to see the McDon-Mr Chung said his company would produce about 400,000 cars and light commercial vehicles this nell Douglas MD-11 developed, believing it to be a better aircraft than year and had the capacity to make 500,000. BA has studied the MD-11 as a re-

Motor industry Correspondent

placement for its aging Lockheed TriStars. Once BA is privatised it ● Volkswagen-Andi of West Germany has sent what it claims is its might well place an order for MDmost powerful purchasing delega-tion yet to the Birmingham show.

This would be a severe blow to Its brief is to double the value of Airbus Industrie, which would like to see all the leading airlines of its components bought from Britain in the next two to four years. member countries buying its products to promote further sales else

The company last year bought components from the UK worth more than £50m, only about 10 per cent of the value of VW-Audi vahicles exported to Britain.

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT THE Government's ambitious plan It is strongly backed by Mr Nigel to overhaul the income tax system Lawson, the Chancellor of the Exafter the next general election has chequer, who said at the time of the won far from enthusiastic public budget that single transferable alsupport, despite a six-month pub-licity campaign by the Treasury. Only two or three hundred indi-en in tax matters. Treasury minisviduals and a handful of small pres- ters sought to drum up support for sure groups have voiced support the plan in a series of speeches dur-during the consultation period ing the consultation period. which followed publication of the The Treasury has been embar-The Treasury has been embarproposals in a Green Paper (discus-

rassed however, by the admission ion document) at the time of the In a previous Green Paper on the same subject, published in 1980, that transferable allowances would create a bias in the tax system which would discourage women from seeking paid employment.

Plan for tax overhaul criticised

Ministers are privately acknowl-edging that the response to the Green Paper has been far less encouraging than they had hoped. When the official consultation period closed at the beginning of this month there had been only around 400 responses. The overwhelming majority were from individuals and Whitehall officials say that of these most were in favour of the reform



viduals.

Nigel Lawson: strongly backs plans

marital status. The Government's plans, how-ever, have won support from a num-Of professional organisations and pressure groups expressing views, the weight of opinion appears to ber of small groups including the Order of Christian Unity, the Conhave been firmly against the new plans. Among those opposed were servative Political Centre, the Na-the Institute for Fiscal Studies, the tional Board of Catholic Women Chartered Association of Certified and the Taxpayers' Society.

Forecasters expect worsening Accountants, the Equal Opportuni-ties Commission and the Child Poverty Action Group. Much of the criticism has centred trade on the argument that the new sys

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Financial Times Thursday October 23 1986

tem would discourage women from outlook taking up paid employment and that it would be unfair because it would imply a sizeable tax cut for By Our Economics

affluent married couples at the ex-Correspondent pense of poorer families and indi-

MOST INDEPENDENT economic forecasters anticipate only a small Along with the European Comincrease in the pace of growth of Britain's output next year and they expect higher inflation and a worsmunity Commission, those opposed have generally suggested that the best way to free married women from their present dependency on their husbands in tax matters

ening trade position. An analysis published by the Treasury of the latest projections of Britain's leading forecasting of a standard non-transferable algroups, shows that on average they expect the economy to expand by 25 per cent next year after growth lowance for everyone, regardless of of 2.3 per cent in 1986.

Inflation, which is projected to run at an annual rate of just under 3 per cent in the final three months of 1986, is expected to climb to 4.5 per cent in the same period of 1987.

The forecasters also expect the collapse of the oil price to result in a serious deterioration of Britain's trade performance, despite the improved competitiveness of British industry which has resulted from sterling's depreciation.

On average they expect a surplus of £0.8bn on the current account of the balance of payments in 1985 to be translated into a deficit of £2.3bn next year.

Forecasters covered by the analysis include the National Institute of Economic and Social Research, the London Business School, the Organisation for Economic Co-operation and Development, and some City of London economists.

The Treasury itself last published a full economic forecast in March at the time of the budget and the averages do not include its projections. The next Treasury forecast will be published as part of the Antumn Statement on public spending next month

Mr Nigel Lawson, Chancellor of the Exchequer, however, has indi-cated in recent speeches that he is more optimistic that most outside forecasters on both growth, infla-tion and the current account.

The Treasury believes that there will be a strong rebound in economic growth next year as a result of more buoyant world activity and the strong increase in incomes re-

sulting from lower oil prices. Mr Lawson has also suggested that the underlying inflation rate should remain at just over 3 per cent for the next few months, perhaps rising fractionally next year. In the medium term, stronger non-ka oil exports should make up for the greater part of the overseas revenue lost through lower oil prices.

FOCUS ON COMMERCE AND INDUSTRY IN SOUTHERN AFRICA

Blacks to play more meaningful role in mining industry

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are you coping and how will you cope?

Relly: To start with, there can be no doubt that everyone in basiness in South Africs will do his best to break sanctions. As to how we shall do it, remains to be seen. It depends on how se-vere sanctions are. There's no doubt that sanctions could cause difficulties for the country in terms of steel and coal and if the north hemisphere cuts off these products, we'll obvi-ously have difficulty in replacing these markets.

Spira: In your view, is the government fol-

Gillow is revamping its stores, in-cluding nine in the US, into "total bome furnishing stores" positioned at the upper end of the volume mar-ket, Mr Spencer said. The group would aim to satisfy what it had

Gillow also said yesterday that it had returned to profit in the year to September, from a loss in the 18 months to September 1985. Sales were maintained at an annual rate Each ordinary share was priced of about £100m, despite sales or clo-at £11.75 and sold with five conver-tible preference shares for a total £8m. The company now has 78 UK

over the previous year since work was completed in July. Mr Spencer stores expected the next tranche, repre-senting 30 per cent of UK selling space, to account for 60 per cent of The placing values Gillow at All of the company's stores will more than 549m, double the take-over price 18 months ago. Each 14 cept for six Maples stores, the flagcept for six Maples stores, the flag-ship in Tottenham Court Road, Lonturnover. The entire refurbishment don, and five in Belgium and Fran

programme is expected to take two years and cost £7m. Lift truck industry

links paranoia with failure to rationalise

MANAGERS IN THE UK lift truck industry were on the edge of their Nick Garnet reports seats earlier this month when news trickled through that Conventry Cli. On the Datageround to max had been put in the hands of the Coventry Climax the receivers.

A huge number of companies have now expressed an interest in acquiring part or all of the Bir-mingham-based business, accord-ing to the Price Waterhouse receiv-like to repurchase from the receiv-

moors that Sir Emmanuel would

stalled.

It is the Japanese, though, who

enetration among electric vehi

The UK is a distinctive market

cluded those between Manitou and

However, the Japanese makers

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on the background to collapse

identified as customers "Dynasty

The first store to be refurbished.

in Wolverhampton, West Midlands has increased sales by 50 per cent

aspiration.

ase from the receivthe The independent forecasters are

part of a major refurbishment protible preference shares. The placing followed the disposal by S. & W. Berisford, the sugar pro-cessor and commodity trader, of its 83 per cent stake acquired as part of a consortium buy-out of the formerly listed company for £24.9m in May last year. Berisford received £24.1m for its interest, and the placpreference shares will be converti-ble into one ordinary share when the company is re-floated. Mr Spening raised an additional £18.7m in new capital net of expenses.

Waring & Gillow plans market comeback Gillow's management teem, led cer said last night that Gillow was by Mr Cyril Spencer, former execu-siming for flotation within two tive chairman of the Burton Group, years, perhaps within one year, de-reduced its total holding from 17 peading on the political outlook. 644.7m in shares, 39 per cent of the per cent to 11 per cent of the equity recapitalised group which has in the recapitalisation. Rothschilds shortened its name to Gillow as and Panmure Gordon placed 2.87m

ordinary shares and 13.35m conver-

price per unit of £16.75.

Gavin Relly, chairman of Anglo American Corporation, talks to John Spira, Finance Editor of the Johannesburg Sunday Star.

Spira: As South Africa's largest mining group, Anglo American has derived con-siderable benefits from the boom conditions of the past couple of years - albeit that the boom was largely currency-induced. This phenomenon is bound to have occasioned changes in the industry. How has Anglo ban-died these changes and what impact are they likely to have on the industry's future?

Relly: It's worth bearing in mind that in 1981, Anglo's profits were more than \$1 billion. In 1986 our profits were an all-time record of R1,3 billion - less than half a billion dollars That's the measure of our progress in international cur-rency terms, which is rather a dreadful reflection on what's happened to the economy of South Africa.

Of course, the decline in the rand has given of course, the decime in the rank has given a great fillip to the mining industry in South Africa and we've gone as far as we can to de-velop our gold and coal mining activities. An-glo has produced around 260 tons of gold in the past year and our plans are effectively laid for mining in many areas in the next 30 to 40 years. It's a very long term business. We know what we're going to do and we're now able to establish the foundation for that development because it'll be more a case of holding gold production than necessarily being able to expand it in the future.

We're very active in the field of exploration. which comprises two elements. The first - ex-emplified by the amalgamation of the Free State mines - is the process of making certain that all available ore reserves are mo exploited. The second comprises drilling in areas that haven't been mined before. All these are involving the mining industry in a great deal

Spira: Is the industry well pleased with the

Relly: If you can't control the price of the product you sell nor the value of your currency, you have very little sty in the outcome. By and large, however, the industry has handled the circumstances pretty well.

Spira: Labour unrest on the mines has been a feature of the industry in recent times. How are you coping with this problem?

Relly: The great challenge facing us is to ensure that we bring about a credible black crosssection in our mining activities. Now that the Mines and Works Act has changed" and we are free to develop proper promotion systems for our black leaders, we can start to make effective inroads into the problem of getting black people to play a meaningful role in the mining industry.

That'll be supported by graduates starting to come slowly out of the universities in technical engineering areas and supported by our own ing. So we ought to be making some real inroads from here on out. But it'll be slow. It probably takes 18 years for a mining man of any colour to become a mine manager. Conseque

ly, if you haven't got anybody on the first rongs of the ladder yet in the official heinarchy, it'll be a long time, no doubt, before we have a black manager - too long. But the mechanisms can now start to operate.

We've had to come to grips - and we've done it willingly -- with the involvement of trade un-ionism in the mines. However difficult this process of unionisation may be, it's absolutely essential to the future that we develop into this with the best good will and the best hopes we can. We'd far rather see a responsible and ef-fective trades union system with which we can deal than a leaderless mob with whom we can have no-one to talk.

It's difficult to say how this is going, but it's certainly been a steep learning curve for nagement, as it has been for the unions. All things considered — and particularly since we've only been going at it since 1979 — we've making strides towards a sensible modi viventi.

Spira: There have, of course, been confronous to the past.

Relly: Yes indeed, They're part of the learning curve; and to be expected. When we've had these dreadful fallouts — as at Vaal Reefs last have got out of hand. That sort of thing is bound to happen. I don't feel it's a great blot on the landscape but part of the learning process. I hope these incidents won't happen again, although I think that they may. Bear in mind that there are political overlays

which impinge on the industrial process. It would be wrong perhaps to prejudge the alma-tion and say that possibly the political overlays en as severe as one might have expected in the light of there being no formal parallel political development. Nevertheless, if robably is so.

Spira: How does the migrant labour ques-tion fit into what we've been discussing?

Relly: The migrant labour situation makes things more difficult from the unions' point of view. To have a permanently resident workforce would make their life essier.

As you know, we're moving towards a far greater degree of on-site mining housing in line with a greater level of sophistication in the nature of our underground operations. Now that we have the open sesame for proper promotion

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Gavin Relly routes for bla in, this will also necessitate that they live with their families on and around the

These factors, taken together with the more liberal application of the migrant labour sys-tem, suggest that, with time, far more people will be living on the mines than there are now.

Spira: We've seen much comment along the Here that should sanctious be applied, many mine workers who are nationals of neigh-bouring states would be sent back home. In such an event would the mines suffer?

Relly: In the last resort, I shouldn't think it would lead to much disruption, although it would undoubtedly create problems, because certain people who aren't South Africans do serve extremely well in jobs for which, traditionally, they have shown a penchant. But I don't e we're likely to be faced with such a helieve problem unless sunctions have an appalling ef-fect, which I don't think they will - not if the world is sensible.

Spira: How have Anglo's non-mining in-terests fared during the economic downturn and what are the near term prospects?

Relly: Some fared very badly. We were proba-bly slow to take those difficult management steps of lightening our work forces, of controlling our cash positions and many were caught out by the slide in the rand. Very few South African companies weren't caught out by the cur-reacy downturn, which resulted in many cases ior losses.

But by now most major companies have got

their act together. Many of the industries supplying the local market are still running below full capacity. But the weakness of the rand has made it possible for many businesses to get into the export markets

Accordingly, the general effect on industry is one of the things starting to turn up. AMIC, of course, increased its interim profits by 50%, though from a very low base.

Overall, the potential looks better than it has for three years.

Spira: Anglo's high profile as a major force in the South African economy, along with its beavy reliance on exports and imports, render the group a prime target for international boycott and sanctions action. How

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*At the time of writing it was expected that the Act would be amended during the last session of Parliament in 1986. However, this did not occur and it is hoped that this will now take place during the 1987 Parliamentary session.

Relly: I think our general policy of trying to liberalise the control of the economy by allow-ing the marketplace to play a bigger role is ab-solutely right. It has the full support of commerce and industry.

But when you get severe strains on the econ-omy (such as the current inability to roll over our short term borrowings), you get external forces impinging on the marketplace, in which event circumstances may call for a somewhat event circumstances may call for a somewhat tighter control on these affairs than anyone would like.

Any central authority's ability to call the shots freely is, in South Africa's case, being circum-scribed by the artificial banking position which we have

Spirs: Are you not accelely concerned over file country's high rate of inflation and especiely the adverse effects this is having on the cost structure of the mining industry?

Relly: Yes. I suppose the ultimate choice of countries which are in control of their own af-Tains is between high inflation or unemployment. Regretably, in South Africa we have both at the moment — an indication of an artificiality in the whole situation.

In the overcome in the scarse by a liberali-sation of the economy in the sense of removing the inhibitions on our black people and allowing them to get on with doing their own thing. It's an observation which applies right across the whole spectrum of their choices as to where

they want to live, how they live, whether they own the properties in which they live, when it it wing them to go into business without yards of red tape — all these will have a favourable impact on the cost of living and the problem of

neuployment. The whole economy has been a centrallycontrolled one for a long time and this has un doubtedly suppressed free enterprise. I are very hopeful that the government's liber

ment's liberion moves will continue and would be very surmrised if they do not.

Spira: You have personally been active in op-posing sanctions and disinvestment. What has been your motivation in so doing?

Refly: Simply that reform is an extremely expensive process — particularly when it's dous against the background of an increasing popu-lation. Some 50% of our people in this coun-try are under 20 years' old. So to conduct a modernisation programme which is going to in-volve bringing those people into an urban industrial society on credible terms would be a dauning job, even if we didn't have the problem of politics in the background.

That process is going to be extremely demanding in terms of a re-allocation of resources - housing, health, welfare, roads, infrastructure -- that it's not going to be possible

in the climate of a declining economy. Any reform process involves the haves standing still in terms of where they are - at best. In a declining economy, in order to meet the de-mands of the have-nots, you've probably got to diminish the part of the economy which the haves have. That may be politically impossible while maintaining an even keel.

So when I oppose sanctions and boycous and all this other hysteria, I do it on the grounds that reform may be prevented. It may even result (at worst) in revolution. But then, I expect, there are a number of people who would like that any way.

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In an industy that across Europe business.

has failed to rationalise significantly, and where in the UK overcapacity runs hand in hand with paren bout the Japanese, the prospect of a manufacturing site coming on the market with a built-in, extensive and profitable distribution service grabbed almost everyone's atten-

If Coventry Climax disappeared completely that would give the market some elbow room. That market would be further unsettled however if one British manufacturer scooped concern up Coventry Climar's distribution siness or if one of the big and predatory Japanese producers, un-der pressure from the high value of the yen plumped for Coventry Cli-max as a manufacturing base. Most gether complicated warehousing packages which at their most so people believe, though, that the site is too large and the equipment too obsolete to attract the Japanese. Unprecedented interest in the phisticated involve autom guided vehicles.

company, brought to its knees by a its Irvine plant in the west of Scot-land, have also found it more diffilarge debt burden and a slide in its market share this year, has been cult to adjust to new manufacturing the result systems they have recently in-

The UK market accounted for the sale of 17,000 lift trucks in 1979, excluding some specialist warehous-ing and hand pallet vehicles.

anxiety. Toyota, Nissan and Komat That market shrank by a half su, together with the smaller Jana during the first two years of recesnese producers account for about 20 sion and although picking up stead-ily to an expected level of around per cent of those European market where there is a large domestic lift 12,000 sales this year, overcapacity truck industry and up to 40 per cent is still entrenched.

Across Europe, in which the UK cially strong in diesel engine pow ered vehicles, with much poore is a leading producer alongside West Germany, that overcapacity runs at about 30 per cent.

In spite of this, lift truck makers have demonstrated a remarkable resilience. Many of them continue to make money and the resistance to rationalisation has been strong unknown in the rest of Europe. Europe still has a half of the world' 30 largest list truck makers.

A few years ago there was a flurry of activity when the big West German producer Linde, which had already purchased the German company Still, acquired Fenwick in France: Lancing of the UK bought Saxby of France, and Lancer Boss, a Lansing competitor in Britain took over Steinbok.

Since then, there has been virthally no change in the structure of ally no enange in the structure of the industry, although there is a gradual trend towards specialist equipment and warehousing sysing agreements where they supply some of the heavier items like cha sis. These arrangements have in tems which have helped company like Jungbeinrich and Rolatruc.

Toyota in France, Coventry Climax In the UK the biggst producer, itself with NYK and both Lancer Lansing, which also has a large Boss and Yale have had manufacmanufacturing site in West Gerturing relationships with the Japa-nese. Caterpillar, which has been many, announced this month a E14m, four-year modernisation proexpanding output for its UK site at Desford in the east Midlands, imgramme at its Basingstoke site, 50 miles west of London, to improve ports from Daiwoo of Korea efficency in this highly competitive market. have been suffering from the rising

Ironically, Lansing is part of the yea, despite the high discounts they Kaye Organisation whose chair-man, Sir Emmanuel Kaye, took a are still offering. Even before the high value of the yen became a faccontrolling interest in Coventry Cli-max when it was bought from BL tor, Nissan attempted to purchase Saxby in 1984,

The receivers, through, anneared

also predicting a sizable rise in the level of public borrowing in the 1987-88 financial year beginning next April. That reflects lower tax to be faced with a series of possible tions, including hiving off the military vehicle engine business, selling the distribution operation revenues from the North Sea and the widely held view that the Govseparately or, if they can find a buyer, offloading the lift truck interests of Coventry Climax as a going conernment will want to introduce sizable tax cuts ahead of the next general election. cern. The receivers appear to fayour the latter, although Lansing is one company that looked at the site earlier this year and decided it was

The comparisons, are available (price £50 for 13 monthly issues) from Committee Section, HM Treaearlier this year and decided it was sury, Parliament Street, London not a viable proposition as a going SWIP 3AG.

Apart from the sheer overcrowd Pay deal ing in the market, some specialist companies have also been conbacking cerned at how difficult it can be making money out of putting toat Jaguar Some companies like Hyster at

By Arthur Smith, Midlands Correspondent

JAGUAR CARS has won union backing for a two-year wage deal which will increase the basic weekly pay of many workers by more than 20 per cent.

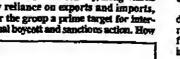
are the most constant source of The company made a significant increase in its cash offer in order to head off growing militancy among the 8,000 manual workers. Jaguar is offering an across-the-board rise of £9.50 a week in the first year and where there is not. They are espe-£10 in the second. The move will go some way to meeting union de-mands for a compression of differentials in the five-grade pay structure. For the average assen worker it will mean a rise of around

because of the relatively high per centage of trucks which are lease 6.5 per cent in each of the two In addition, some £3.75 of the proout on contract, a feature almost ductivity-related bonus scheme will Harvey Plant, which claims to be be consolidated into basic pay in

the biggest contract hirer, says 15 the first year and £5 in the second per cent of the 150,000 lift trucks in | For a worker on the bottom of the use in Britain are on contract. That | pay scale it will mean a rise from has given the no-frills, low-cost Jan- just under £122 to more than £150 by November next year. The signifiavese makers an extra advantage. A larger number of Japanese-made lift trucks are also sold in the grey cant jump in the money on offer to get rapid agreement from union nemarket - made up of trucks not im gotiators is clearly intended to smooth the productivity -changes that will be necessary to increase ported through recognised dealers and sold at even larger discounts. output of the recently launched XJ8 model. The Japanese have also had a series of marketing or manufactur

Arguments over the role of industrial engineers, traditionally known as the time-and-motion men, precipitated a strike by 800 as workers last week and brought all saloon car production to a standstill for two days.

The company has made clear it must realise the productivity bene-fits engineered into the new car which is the result of a £200m sixyear development programme. Output is at present running at around 150 cars a week and must be raised to 900 over the next 12 months. The key negotiations with individual workers over the time and effort they put into operations will take place over the next few weeks.



UK NEWS

orsen forecast 'hit by defence delays' BY DAVID THOMAS

SYSTEMS DESIGNERS, a leading the UK software industry. Both Lo-UK computer software company, yesterday blamed delays caused by the Ministry of Defence's new system of competitive tendering when with Ministry of Defence work, al-it announced sharply reduced profit though their share prices eased forecasts for 1986.

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The company is now forecasting profits for 1986 "not below \$4m." It had been hoping for nearly 19m when it announced half-year profits Applied Research and Development, a Cabinet Office body, pub-lished a report which was scathing of £3.3m in August. The announcement took the City

try's failure to compete vigorously of London by surprise and analysis said that the company's problems should have been apparent when it announced its half-year results. The in world markets. share price closed 20p down at 50p. Mr Philip Swinstead, chairman of

Systems Designers, said the compa-ny had outstanding hids for 215 con-tracts worth £55m from the Ministry of Defence. This was double the number at the same time last year.

The company had been expecting decisions on many of these con-tracts in the autumn, but it now believed decisions would not be made until early next year. The Ministry of Defence said last night that some contracts took longer to award since more companies were now competing for them. But it added: "Companies that we deal with are halting all recruitment, switchin very well aware that evaluation pro- staff from defence to other work cess are lengthy."

cuiting its research budget and Systems Designers' announce- strengthening fis management ment comes at a sensitive time for team

Software profits Credit growth 'clouds monetary policy' **MPs** call

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

RAPID innovation and increased the stance of its anti-inflation poli- said: "It cannot be said that our ex- inflation fell sharply. perience with our chosen framecompetition in Britain's financial Cy. markets and its impact on the other Mr Leigh Pemberion used the ocwork for operating monetary policy has been satisfactory." sectors of the economy has serious- casion of the First Loughborough

The Bank governor said that tar-University Banking Centre annual gets for the money supply, which initially formed the mainstay of the lecture in finance to deliver an exhaustive review of the authorities' anti-inflation policy, had been set in the belief that there was a reason-Leigh Pemberton, the Governor of monetary and anti-inflation strateabily predictable relationship be-The foundations of our present tween the rate of monetary growth and the growth rate of nominal inmonetary policy were in fact laid in 1978, under a different government from the one we have today. The

"But in practice our ability to use an estimate of this relationship for amental objective of policy was then, and remains now, to squeeze target setting, and to meet those ate a stable targets, has, quite frankly, been basis for the operation of the econoless than impressive." In particular only two of the last

attention to the build-up of liquidity Substantial progress had been and credit associated with the rapid made in reaching the fundamental growth of broad money in judging objective of lower inflation but he six annual target rates of growth of starling M3 had been achieved, yet during the same period the rate of

Mr Leigh Pemberton said that the breakdown in the relationship rate in sterling M3 than origin

A key explanation was found in the changing behaviour of financial intermediaries - banks and building societies - in the economy over the past few years.

The removal of each trols, of the ending of direct con-trols on the growth of credit, and the international debt crisis had all

contributed to an upsurge in compe tition among, and between, banks and building societies. Competition in lending, seen

to the market for mortgage ad vances to the personal sector, was mirrored by the more aggressive terms than banks and building so

cieties had offered Taken together, Mr Leigh Pem berton said, the changes in the financial structure and behaviour had made monetary targetry in-creasingly complex, both in Britain and in other industrialised com-

In those circumstances the an

thorities had to decide whether it was useful to continue to set targets

ensure standards

11

By Michael Caseeli

MORE THAN 100 Conservative MPs had by last night signed a House of Commons motion calling on the BBC to ensure that its pro-ducers and journalists re-establish-ed the highest professional standards

The move followed an out-ofcourt settlement on Tuesday in which the BBC agreed to pay damages for libel to two Conservative MPs. An investigative television programme broadcast in 1984 had lieged that Mr Neil Hamilton and Mr Gerald Howarth were among extreme rightwingers who had infil trated the Conservative Party.

Principal signatories to the House of Commons motion include Sir Marcus Fox. chairman of the 1922 committee of Conservative backbench MFs, Sir Anthony Grant, Sir John Biggs Davidson, Sir William Clark, Sir Edward Du Cann and Sir Peter Hordern, who led the attack on the BBC's professional standards in the House of Commons on Tuesday.

The motion congratulates the two MPs on their court victory

It says that the motion's support-ers are appalled that the BBC persisted with its unsubstantiated alle rations, which resulted in a cost of £500,000 to licence holders.

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SMITHTRAVEL .

MR JOHN BANHAM, Controller of fied all the criteria which the CBI consultants, where he was a MR JOHN BANHAM, Controller of fied all the criteria which the control of the started his ca-the Audit Commission, will succeed was seeking in its new director gen-director in 1980. He started his ca-Sim Terrance Restarts as director gen-eral: strong intellect, receptiveness, reer in the Foreign Office in 1982, Sir Terence Beckett as director gen-eral of the Confederation of British experience with Whitehall and Westminster, ability to communi-

out inflation and to cre

my," he said.

try. Mr Banham became the first Controller of the Audit Commission was confirmed yesterday. Mr Devid on its formation in 1983. It is a body Nickson, CBI president, said: "Mr which seeks better value for money on its formation in 1983. It is a body in local government. Before that Mr

cate, and experience in UK indus- ternational.

Nickson and other CBI leaders.

Men and Matters, Page 14

BY PETER RIDDELL, POLITICAL EDITOR

THE parliamentary Lobby journal-ists yesterday decided to hold a bal-to a Downing Street spokesman. lot among their 150 members work-The Independent newspaper is boy-

ing at Westminster, about whether cotting these briefings. to continue the practice of non-at-tribution in briefings by official

debated the question for nearly an hour and decided that it was neces ttribute such daily briefings given by Mr Bernard Ingham, the Downing Street press secretary, to either sary to hold a full ballot.

WHSMITH · BOOKS FOR STUDENTS · ATLANTA NEWS AGENCY · SHERRATT & HUGHES · OUR PRICE · DO IT ALL · CLASSIC BOOKS ELSON'S.

Firms challenged to electronic duel BY ALAN CANE

by criticisms of its computerised system, yesterday challenged its members to an electronic duel. S0 seconds and 20 minutes were re-

ms, said yesterday.

One unnamed broker had already accepted the challenge, he claimed The change had been identified

THE STOCK EXCHANGE, stung puters to the Seaq computers and hy criticisms of its commuterised experienced severe delays in chang

It aims to prove that Seaq, the au-tomated quotations system which The will underpin London's securities markets from next Monday, is per-forming to specification and fast enough for efficient trading. A letter to members challenges there to the inter whether we are a static trading. It blamed faults in market mak-

them to change a stock quote using the exchange's own Level III market-maker terminals from any-where within the British Isles. We will tell them within seconds which quote they changed" Mr Michael Newman, head of information sys-

gica and CAP, the two other quoted UK software companies, yesterday

denied they were having problem

though their share prices cased slightly.

about what it said was the indus

It gave a warning that on f

for its reduced profit forecasts. The others were high investment in and

slow sales of its products using Ada,

stow sales of its products using Ada, the software language chosen by the US Department of Defances the effort needed to launch its new dealer information systems in the

financial sector; and the fluctu

dollar/sterling exchange rate.

Mr Swinstead said the comp

had countered these problems by

In June, the Advisory Council for

The stock exchange claimed that

It blamed faults in market mak ers' systems and wrong usage of the Senq technology for the delays. One market maker had connected 100 computer screens to a link suited only to 30, it said. The faults in market maker systems had not been de tected during tests before Satur day's rehearsal because the testing teams had concentradet on input to

Seag.

TELEVISION SERVICES

most pessimistic projections "with-in years only Ministry of Defence-supported firms will remain." CBI names youngest director general Vote on secret briefings Systems Designers gave the alle-BY HAZEL DUFFY aed problems with defence con-tracts as one of four main reasons

ly clouded the relationship between

the growth of the money supply and the pace of inflation. Mr Robin

That in turn had placed in ques-tion whether the authorities should

continue to set a formal target for

sterling M3, the broad money sup-

He made it clear, however, that if

the formal target was dropped, the

Bank would continue to pay close attention to the build-up of liquidity and credit associated with the rapid

oly measu

choice."

MUSIC MARKET

DO IT ALL - PAPERCHASE -

STUDENTS • WH SMITH • ELSON'S

ROF

the Bank of England, said yester- gy over the last decade.

stry (CBI) early next year. Mr Banham, 46, will be the younpest person to have held the post

since the CBI was formed in 1965. His five-year term of appointment Banham was our unanimous

hoice." Banham spent much of his working He added that Mr Banham satis- life with McKinsey management

and spent four years as marketing director for a subsidiary of Reed In-

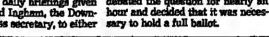
Mr Banham's salary at the CBI has not been disclosed. But an interesting innovation is that he will be eligible for a performance relat-ed bomus to be determined by Mr

Every month WHSmith brings nearly

Mr Ingham is opposed to a change in the current practice in view of his position as a civil ser-

The vote has been prompted by the decision of the Guardian news-paper to instruct its political staff to

About 50 to 60 Lobby members



between broad money and nominal most notably in the banks' entry in incomes (which encapsulate both real growth in the economy and inflation) could be ascribed to a number of factors. These in turn explained why the authorities had and could accept a faster growth

envisaged, without jeopardising their inflation objectives.

for sterling M3 and would review that question later in the year.

on BBC to

The challenge stems from last Saturday's final dress rehearsal be-fore the "Big Bang" - deregulation in the London market - when a early part of the week and no major number of the higger market mak-ers had problems linking their com-

Merseyside prepares sale of the century

BY IAN HAMPLTON FAZEY

ay de

icki

130

FOR SALE: 160 Volvo trucks, 160 Leyland Land Trains, 160 Land Bovers, assorted dumper trucks, stone crushers, fire engines and tarmac layers. Only one owner,

In all, there are more than items to be and which claimed to be the biggest of its kind in Europe. The vehicles and ent are in pristine condi ne are unused - beey were taken where of from as ate Mohr.co

It was difficult to get spares to the building site concerned which was on the Falklands. The ant was used for building slands' new airport. It is all ret now and owned by nd Machinery of Dublin ught it to sell on.

experience of Ritchie rs, North America's larg-tioneers, has been called in. Its experts are flying in th wield the gavel and expect to

raise more than £16m. It is being billed as Merneyside's sale of the

The gigan tion will be held in the lowed a Liverpool freeport sometime benext March. The Mersey

a from Botter heat off a cha of's free

The plant from Stanley is be ng landed directly into the free and import duty is deferred until tus pass through the doc the its gates. Foreign buyers will be able to ship their barga

ain and by-pass taxes The local man in charge will be Mr Roger Rin tions with Truck and N To avoid the wi of open quays lage with bars, restau 6 800 ent to vices will be a







a third of America to a standstill

Seventy million people in America are served by WHSmith every month, through Elson's news and gift shops. There are more than 200 outlets covering 73 cities across the nation, all targeted at people on the move - locations include hotels, airports, office plazas and rail terminals.

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And that goes for every country in which we operate.

If you would like further information about the development of WHSmith at home and abroad, write to Julian Smith, W. H. Smith & Son (Holdings) PLC, Strand House, 7 Holbein Place, London SWIW 8NR.



3. ATLANTA NEWS AGENCY · CELEBRATION · CLASSIC BOOKSHOPS · WHS DISTRIBUTORS · WH SMITH TRAVEL · TELEVISION SERVICES

THE ARTS

London galleries/William Packer

Seductive beauty in pastels and glaze



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12

Avigdor Arikha: Anne, artificial light study

Young Writers/Theatre Upstairs

Martin Hoyle

Last year the Netional fat, slaggy Rose-Cheryl Maiker Theatre mounted a bill of five bulges out of her (just) thigh-short plays by youngish or at length black-spotted yellow least inexperienced playwrights, dress with its buge bow, puffs Now the Boyal Court's top-floor auditorium launches its season with three works by genuinely young outhors and comes up e livelier experience with altogether.

The biggest surprise comes from how Jane Green's sets exploit the limited space. A candle-lit interior, rough wooden furniture, pots and rushes, evoke e rural household in 1665 for 19-year-old Theresa Hardward The March Marchine Heskins's The Plague Year. This sardonic little anecdote exhudes the sour breath of e Roald Dahi short story with a nasty twist as the bereaved family, plus

Ballet Gulbenkian Ballet Gulbenkian has returned to Sadler'a Wells for a week's season, three years after its initial visit to this same theatre. The company appears leaner, cleaner in styla than on its previous abowing, though problems of creative identity are still matters for pink ciggies and clumps off in lavender-hued aboes (the off-stage crash that attended one of Miss Maiker's exits seemed perfectly in keeping). Faintly Adrian Mole-ish, even to regard-ing the DBC as his possible concern

ing the BBC as his possible salvation, the dolefully Scouse William is personified by Mark Williams in vast orange sweater and black subde winkle-pickers. The troupe's two resident choreographers, Vasco Wellen-kamp and Olga Roriz, provided works in Tuesday'e opening programme. Mr Wellenkamp's Bénédiction de Dieu dans la solitude is ecstatic about its. Mr Williams is one of the most compellingly watchable comic talents I have seen for soma time: a slightly Bob Hope-Liszt plano score (well played by Tania Achot), with a shaft of light inevitably breaking across the backdrop while men-in purple carry girls in pale like nose, a retiringly unasser-tive chin and a wide, loose mouth contribute to a totally

and drawings by the Israeli observer and painter of the head Arikha's mastery of the medium painter, Avigdor Arikha, are be is increasingly convincing is such that more often than on show at Marlborough Fine and authoritative in his model- not it is impossible to see quite Art until the end of the month. Mng and characterisation, invest- how he has worked it-which This is the first substantial ing the flesh tones in particular is almost Whistler's definition body of his work to be seen in with all the clean and delicata of the finished work of art. London in more than four variety we could want, years, yet it remains superfici-

ally much as it was before in of self-conscious anxiety and November 1) the exhibition of manner, technique and pre- inhibition in the face of the Glenys Barton's recent sculpoccupation, the same mixture supposedly more serious exer- ture is to be recommended. Sha of portraits and life studies, cise and great tradition that is an artist who has always studio interiors and still-life. the nude represents. The public worked within the material and There are few surprises and portrait too seems to present technical disciplines of ceramics, the nucle represents. The public portrait too seems to present him with the same difficulty: his portrait of The Queen Mother, now at the Netional Portrait Gallery, is so much less resolved and certain than the charming, light and rapid, even slight study for it shown here. But it is not for me to tell him to relax and enlow himself. There are few surprises and indeed, with an artist now well into his later fifties and so well established in his reputation, it would bardly be reasonable to require of him conspicuous shifts and changes. But that is not to say there

bas been no development. It is a subtle thing in the work, but Arikha's painterliness seems so to relax and enjoy himself. Whenever he does lose himself in his work, bowever, he succeeds admirably, working the paint with a loose, open and rather scrubby brushwork that keeps the surface, whether Arista's painteriness seems so much more natural and un-forced than once it was, so much more integral both to image and surface; his picture-making too is less self-conscious and contrived, growmaking too is less self- that keeps the surface, whether into object. The mounts have conscious and contrived, grow-ing now so easily from what-and nlaboured. The best of and glazes the clay direct. Indeed the glazes are sometimes so rich and dense that it seems abe might still feel the need to declare her continuing ceramic allegiance. But she need hardly worky, for again it is the old one with the direct means of hereine end to the so rich and dense that it seems allegiance. But she need hardly worky, for again it is the old

Not everything is excellent, and clearly be has particular difficulty with the nude figures, unable to model the form convincingly within a coherent pictorial space and inclined to reduce the infinitely various and delicate tonality of the -of incidents, corners and and express the for fiesh itself to a narrow range fragments of studio still-life, best and most bea of muddy brown. This is an are as extraordinary as they she has ever done,

Recent oil paintings, pastels odd failing in him, for as an are seductively beautiful. At the Angela Flowers Gal-

Perhaps it is a simple issue lery (11 Tottenham Mews until turning in particular to the near-industrial processes of por-celain, with its moulds and cast-ings. But with this new work she has made not so much a she has made not so much a break with that past as an on-wards leap for freedom. She remains as taken up as ever with the simple and cleanly modelled form of the human hard sometimes identified and

head, sometimes idealised and sometimes worked from life, but is now concerned more with the unique than the reproducthe unique than the reproduc-ible object. The moulds have gona and she now works, fires and glazes the clay direct. Indeed the glazes are sometimes so rich and dense that it seems abe might still feel the need to declare her continuing ceramic

one with the direct means of business of means, material and its expression, are wonderfully image coming together truly as vigorous and complete as works one. Her later pieces here in of art. The small pastel paint- which a rich but plainer glaze and on television, but this role allows him to spread clipped histrionic wings to memorable earth-clawing effect. He endows Turing with a gulping, gasping stutter to add to the hitten fingemails routine, and pre-serves above all the sense of practical, wide-eyed wonder in his subject theat made Turing such a daring and enthusiastic experimentalist. ings-they must, be called serves not to decorate end despaintings rather than drawings cribe hut actually be the surface -of incidents, corners and and express the form, are tha fragments of studio still-life, best and most beantiful things

Jacobi has always struck ma eyed ambiguously debeuched cherub who is entirely suited to cherno who is entrely sailed to flying through such doughy matter as police enquiries and superior interrogation. The Manchester court case frames the action, Dave Hill's flat-vowelled matter-of-fact detec-tive surrout inspective a vowenen matter-or-fact detec-tive sergeant inspecting a scene where Ortonesque sordidity is only explained after a flashback to a giggling pact with his Sherborne crush Christopher Morcom and brutal epproach work along the Orford Road

And to close an ill-balanced evening: Christopher Bruce's Ghost Dances. This is Mr Bruce's message to the world about the sufferings of South-American people since the time of the Comquistadors, pious in its intentions and not a little predictable. It is given a boild and wholly idiomatic work along the Oxford Road. It takes time, in the Hay-

market of all places, to acclima-tise to Liz da Costa'a vast

cem a bit late in the day to be

asking 'Just what is the Big

Bang ?", the question addressed

homosernal soliciting in Man-chester and submitted to hor-inventive friskiness is bounded mone treatment in exchange for on one side by the suburban bail. He committed suicide in 1954 by eating an apple dipped (Isobei Dean) and on the other in cyanide, although the epple's remains were never analysed. The subject is a fascinating one, and relativaly unknown, although Whitemore pays all due credit for his source to Andrew Hodges' magnificent Andrew Hodges' magnificent in cyanide, although the subject is a fascinating don in whom Whitemore one, and relativaly unknown, although Whitemore pays all figures in the Turing story. There is also the Bletchley

Andrew Hodges' magnificent 1983 hiography The Enigma of Intelligence. Turing is the un-fashionable patriotic sida of the Park colleague he nearly mar-ried (Joanna David) re-named, like the fateful pick-up, pre-sumably for reasons of decorum. 1930s' climate of treason; a Fellow of King's from the 1930s, Clifford Williams's production has the curiously insidious effect his story is rooted in a middle-class Guildford background, schooling at Sherborne and a practical delight in mathematics of making you wonder how we muddled along to win the war and enter the computer age while managing to crucify one while managing to crucity one of its prime visionary architects. The play is constructed in interleaving slabs: Sherborne Idyli, boffin briefing, maternal and feminine loyalties (twice

practical neight in mathematics and physics. His favourite film was Snow White (the wicked witch and ber poisoned apple obviously had an impact) and in 1939 he intriguingly defended the abstract constructions of pure each), bomosexual encounters maths against Wittgenstein's stlack on the concept of "proof."

The play shuffles and de-bases many of the most brilliantly expounded passages in the blography but produces, ince biography but produces, nonetheless, a coherent por-trait of a sports-jacketed science pupil who never grew up. Derek Jacobl has brushed with intelligence before in film and on television, but this role

The hero of Hugh White-more's new play is Alan Turing, the Bletchley Park boffin who eracked the Nazi Enigma code and pioneered the notion of the thinking computer. After the war he was presecuted for homosexual soliciting in Man-chester and submitted to hom-investive frickiness is hounded schematism thanks to Jacobi's performance. The irony was that Turing, humiliatingly treated in organo-

Michael Coveney

humiliatingly treated in organo-therapy like some dispensable guinea pig, ended up on the receiving end of science, grow-ing breasts. The play does not dabble in the whole security-conscious homophobic witch bunt of the 1950s — White-more prefers to give us the News of the World beadline: "Accused Had Powerful Brain" to anything more lip-smacking — but it does expose the blanched suburban underside of momentus events, and channels hlanched suburban underside of momentus events, and channels them into e decently written, if not riotously witty, scenario. In that sense, this play com-pletes a wonderful, musty period trilogy starting with Stevie and Pack of Lies. The layman will have to turn to Hodges for exhilaratingly to Hodges for exhibitaringly lucid explanations of what

Financial Times Thursday October 23 1986

Turing actually achieved in the lab, but Jacobi falls with relish upon those speeches which touch on his conception of the niversal machine. He was in tha extraordinary position of both securing the future and creating it, a fact that lends his (in Manchester and Greece), sad and trivial downfall an and so on. It survives such axtra piquancy.

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A. Derek Jacobi

The Big Bang/ITV

Ballet Gulbenkian/Sadler's Wells

Clement Crisp

has wise sweetness and light are Is for everywhere apparent. years Miss Roriz' contributions are this distinctly other. Three songs by opany Nina Hagen finds Elisa Ferreira styla having a bad time with three wing, chaps who are relentless in stors of the body that are usual in angstridden pieces like this, and at the and the voice of Nina Hagen gives us e blast of My-son a roften judge of a man-or a roften judge of a man-sident while Miss Hagen howls like a fellen. As raucous and vulgar as its or a roften sector and vulgar as its as raucous and vulgar as its or a roften judge of a man-ter a roften judge of a man-stagen final and a the sector and the voice of Nina man at the and the voice of Nina and the close an fil-balanced

chaps who are relentless in their physical abuse — she is either a glutton for punishment or a rotten judge of a man — while Miss Hagen howls like a German banahee. The dance is as raucous and vulgar as its accompanying songs, and on these terms may be judged a success. Miss Ferreira gives a fine and desperate edge to her movement, and the men are suitably brutish; as a theatrical experience it may appeal to experience it may appeal to those who like seeing women manhandled.

Breaking the Code/Haymarket

np in their house for 40 days' quarantine. Hettie Macdonald's production tries to stiffen the sinews of e portentious tale that actually bespeaks a good com-mercial (TV-orientated?) talent rather than the investigative moral trenchancy aimed at. The six-strong company set the even-ing's tone with fine perform-

The designer triumphantly brings a comic-strip garishness to the second play, William. Tha 17-year-old protagonist/ narrator ("I never had an adolescence: I went straight from six to 46") lugubriously introduces us to his family bome, a hideous discord of pink and grace plastic further and green plastic furniture. Zombie-like Dad (Ian Redford) alumps in front of the telly. Mum (Linda Henry, with vermillon wig and circular rouged cheeks) addresses ber yellow ironing-board and blue iron with the grimly aatisfied assertion of the thin-lipped Catholic that "God watches over me and gives me the best possible." William finds romance with

ing t patronage in the writing, either. The 16-year-old author, Shaun Dugan, obviously has a cheer-fully perceptive gift for comedy with a dash of surrealism undarlined by Miss MacDonald's production. Lindsay Posner's tant, tense

direction makes the evening's last play into e compelling experience. The euthor is all of 20 and at university; a certain sleek professionalism characknown in British chamber music circles: he is the cellist of the terises Ficky Stingers by Eve Lewis. Harriet Bagnall as the narrator, a robust cockney girl circles: he is the cellist of the Domus Plano Quartet, and also the principal cellist of the Academy of St Martin-in-the-Fields. At the beginning of the year on this page Max Loppert remarked on Hugh's (and ber mates are raucously well done by the company's two other actresses) whose oc-casional foul-mouthed follity on the booze of a Friday night steers clear of sentimentality when abe is subsequently raped. Cyril Nri is just right, alteruncommonly mature musicianship"; and a second London recitai on Tuesday night con-firmed that judgment. His fiery cantable lit up Marnately beaming fatuously in masculine complacency or snarling with vicious menace, as the selfish male. Only a symbolic

His hery cantable lift np Mar-tinu's little set of Variations on a Slovak Theme to powerful effect: few cellists (and for some reason especially British cellists) achieve that ideal blend of ringing fortissimo with a timbre of infinitely subtle gradation. The very quiet prologue and a not quite sym-bolic funny story of unclear aignificance need pruning for the play to lose its slight air

BRUSSELS

pretation scurries about inspirationally. Empty Space, a solo for Ger kian dancers, and in it their There are a few wrenching Thomas who speeds an uncon- qualities of sure dramatic accents to break the fulsome scienable time getting himself dance and coherence as an lyricism of the piece, but other- off a large alate-coloured sofa, ensemble are to be admired.

Timothy Hugh/Purcell Room

Dominic Gill

Timothy Hugh is already well dynamics too were solidly angry colours, its momentum mown in British chamber music rounded, never thin — this grippingly sustained. ircles: he is the cellist of the account of the secood, slow The recital's secood half was piece of Schumann's late Five devoted to one work Pieces im Volkston of 1819 was Rakhmaninov'a early (and The cello sonata (1978) of the second plano concerto, many he Soviet composer Alfred of whose figurations and whose The cello sonata (1978) of the second plano concerto, many the Soviet composer Alfred of whose figurations and whose Schnittke was new to me, and exuberance generally the sonata Hugh presents it convincingly shares. It was an exuberant as a major work of the repertory account, mercurial and feather? as a major work of the repertory account, mercurial and feather? dominated hy a buge third and light in its scherzando page, no Mar-final movement, twice as long grandly surging at its climaxes, tions on as the first two together, that Kathron Sturrock was Hugh's owerful seems at first hearing like a excellent accompanist, alert and nd for vision and summation of Shosta- responsive, in almost every British kovich: but a vision in unusually measure an equal partner—her i ideal vivid and personal terms, recol- command of the Schnittke mo with lected first in anger and then in especially, easy to smudge or subtle tranquility. It was a magnificeot overblow, was exemplary. Splen-quiet performance, shot through with did recital. final movement, twice as long as the first two together, that seems at first hearing like a vision and summation of Shosta-kovich: but a vision in unusually

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bold and wbolly idlomatic

by last night's ITV programme made, most fittingly, by a director/producer named Robert Fleming. Yet, I suspect that even now, four days away from the event, a remarkable num-ber of readers outside the City would have difficulty in defining the phenomenon, and it was pre-sumably for them (us) that the programma was made. So, how well did it fulfill its purpose? well did it fulfill its purpose? It will bave been much more helpful to those with e little knowledge than those with none. Viewers who do not know the meaning of "gilts," "job-bers," or "sovareign borrow-ing" (a phrase used in the pro-gramme by the FT's own Jurek Martin; was he referring to the nice little gold coins?) were left clutching at the jetsam as this showy speedboat of a docu-

Christopher Dunkley

always assumed this meant something effective, though paper-thin, only to be told here that the reference was to the

Greet Wall) - all in a single

But television is e medium which achieves most by impres-

sionistic means, and, when The Big Bong finished, several vivid

Greek style in 1805 for £77,000 (as against a £15,000 top esti-mate): its companion is in the

V & A. A pair of Regency parcel gilt and simulated green

patinated bronze torcheres, in

Ċ,

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programme.

To some FT readers it may mentary builded past. It was, of tion in a manner never pre-viously experienced. And third, sking 'Just what is the Big try to deal with the entire sub-nobody really knows what the nobody really knows what the result of that blowing open will ject — fixed commissions, the switch to the new technology, be. the Jepanese/American threet, and even "Chinese walls" (I

The oriental smile on the The oriental smile on the face of Hitoshi Tonomura, President of Nomura Inter-national, Japan's higgest stock-brokers, as he said "We hava been playing a lot of basehall and now we have to learn to be good cricket-players." looked deeply ominous to me. Nor was I much reassured by M and G's David Hopkinson, when he said: "What'll happen on Big Bang day is that the British will show their amazing ahility to shamble through any impresions were laft. First, visits to such places as Caze-nove, Kleinwort Benson, and

the Bank of England suggested that life in the City is even more ahility to shamble through any crisis: it'll all work." that life in the City is even more plusb than television dramas like to suggest: it seems to be all silk shirts, Eton accents, and Roux-trained cooks in the can-teen. Second, the Big Bang is going to blow open this cosy club and let in foreign competi-Perheps Fleming could make a date now for a programme in October, 1987, telling us in layman's terms whether all work, or whether England's Test selectors are fielding an all-Japanese team.

Arts Guide

Exhibitions

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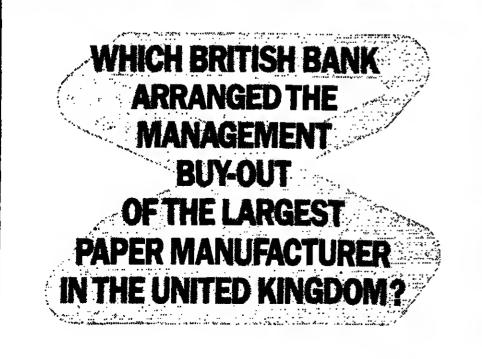
METHERLANDS

search of the Golden Age comprises baintings, watercolours and ings from 1800–1850. Ends Nov

tings convey strong religious feeling tempered by Chagall's charm, hu-mour and undramatic approach, Ends Oct 30. Venice: Chiesa di S. Size: Marc Cha-gall: Illustrations to the Old Testa-ment: a delightful series of gouaches by Chagall during 1330-31. A few come from private collections, but most are lent by the Musée National Message Biblique in Nice - built to Message Biblique in Nice - built to house his biblical works. The pain-

TALY

of calculation.



LONDON Chinese Porcelain - the transitional period 1520-1553. Collection of Sir Michael Butler. Musée Royale d'Art books, even more than in his draw-ings, that he demonstrates the true nature of his ideas. Without thought of any public role or statement, with po reason to think anyone will see his work, he is free to observe and work oo variations upon his theme entirely as he chooses. When the artist is a very gre at one the creative discovery is quite simply en-thralling. Picasso left some 175 sketchbooks from the mid-1890s to the late 1960s, until now never shown in public. Organised by the Pace Gallery of New York and sent on tour by American Express, it con-tains work from 45 of the books. Ends Nov 19.

Music/Monday, Opera and Sellet/Tuesday, Theatra-

Wednesday. Exhibitions/Thursday. A selective guide to

Opplescence

et Histoire. Ends Dec 14.

palescence - Pressed Glass 1920-1930: Banque Bruxelles Lam-berg, Place Royale. Eods Nov 29.

all the Arts appears each Friday.

Dian - a submerged kingdom of Chi-ns: According to the organisers this is the first exhibition in the west of treasures from the Dian Kingdom, which existed more than 2,000 years ago in south west China. Unusual and spectacular gilded bronzes were discovered only 30 years ago in Dian burial grounds. Exhibits include groups of men and animals, showing scenes of war, dance and celebration. Also on show are weapons, tools, musical instruments, agricultural end weaving equipment, bronze drums and jewel boxes from what must have been a vigorous culture. Museum of Mankind, Neue Hofburg, Ends Nov 23.

ų.

PARIS and 25 drawings of his first major reinospective re-create the pastel-co-loured world be peopled with volupt-uous goddesses and Shepherds. Pre-mier Peintre du Roi, a favourite and friend of Madanie de Pompadour, Boucher personified the lightbeart-ed charm and seduction of the Louis XVth Period. His pastoral and mythological scenes reproduced by en-gravings, tapestries and on Sevres porcelain spread the influence of French court art all over Europe. Grand Palais, closed Tue, Ends Jan

541 (4289 5410). NEW YORK

Museum of Modern Art: Vienna 1900. including 700 paintings, designs and objects, covers silverware, jewellery, furniture and ceramics, with the Successionists like Klimt and his Golden Style, as well as Ko-koschka and Schiele in e compre-hensive exhibit that illuminates the birth of modernism. Ends Oct 21.

WEST GERMANY

Essen: Villa Högel: The chairman of Krupp, Dr Berthold Beitz, who is al-so head of the private Ruhr cultural so head of the private Ruhr cultural institute, was the moving force be-hind this exhibition, helped by Mr Erich Homecker, the East German leader. The Villa Hugel, 114 years old, has been redecorated for the ex-hibition. This is the first show orga-nised by the institute, founded three years ago on the initiative of the Kropp Foundation. The treasures from the period 1694-1733 of great Electors are on loan from Dresden's state cultural collections. The eight royal collections are presented sep-

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arately with characteristic master works. There is also one of the oldworks. There is also one of the old-est and most complete coin collec-tions in the world and a huge collec-tion of arms and copper engravings by Boucher, Chardin, Piranesti and Tiepolo. The picture gallery includes works by Titian, Poussin, Velas-quez, Rubens, Rembrandt and Cra-nach, Ends Nov 2.

October 17-23

WASHINGTON

Hall in Norfolk. The entire county turned up, trying to buy a memento of this bouse which National Gallery: Viennese Renaiss-ance sculpture from the Kunsthisto-risches Museum includes work by was designed hy Humphrey Bertoldo di Giovanni, Andrea Brios Burton in the early years of the 19th century and bas now been acquired by the National Trust. co, and Alessandro Vittoria. Ends Nov 30.

Hirshborn Museum: More than 120 Hirshborn Museum: More than 130 paintings, scalptures and drawings from a 5,300 donation by the mu-seum's founder Joseph H. Hirsh-horn on his death go on view with works by major contemporary art-ists including llem Koming, Ar-shile Gorky, Frank Stella and Hen-ry Moore. Ends Nov 16. The top price was the £110,000 paid for a flower painting by Paul Theodor van Brus-sel, a work of 1790 which had sold at Christie's in 1944 for 250 guineas. A Rhenish land-Among the furniture a Regency giltwood settee made by Gillows of London in the

CHICAGO

Chicago Historical Society: Louis Sullivan, a seminal figure in American architecture, is celebrated in an exbibit in the city he made architectu-rally innous with newly made mod-els of his buildings along with draw-ings, sketches and building irag-ments emphasising his use of oranthe manner of Thomas Hope, more than doubled thair top ment, Ends Dec 31.

ment, shas Dec 31. Art institute: Ten centuries of Hungar-ian goldsmithing is displayed in a visiting exhibit of 69 pieces covering religious and secular commissions including medieval and renalissance shellows offening medieval estimate et £44,000 and a pair of Regency ormolu wine coolers. after a design by Bollean, which might have belonged to Lord Nelson, made £37,400. Some bedroom furniture, sup-plied by T. Philips of London to decorate the house in 1839, chalices, cibrial, monstrances and reliquaries as were as our , wellery. Ends Nov 7. reliquaries as well as suites of je-

Pick of the premises If you want spectacular went for £5,582. Meanwhile in prices, hold a sale on the pre- London Christie's was disposmises. That is the rule of ing of silver, with four Dutch

Saleroom/Antony Thorncroft

thumb and it certainly paid off candlesticks of 1772 by Pleter for Christie's yesterday, and Kersbergen selling for £24,000. the Trustees of the late Mr As usual, Sotheby'a obtained Thomas Upcher, who disposed very high prices for topoof the contents of Sheringham graphical paintings. A view of Hall in Norfolk. The entire Wolfe's cove in Quebec, county turned up, trying to buy painted in 1840 by Robert Todd, looking east, sold for £84,700 (top estimate £60,000) while the same cove from the south by Todd went for £83,600.

The sale totalled £670,560, with 9.3 per cent unsold in the morning session. A view of the Grand Canal in Venice by 57 Arthur Streeton made £57,200, while the Redfern Gallery of California paid £30,800 for The scape by Herman Saftleven, painted in 1667, made \$22,000. painted by Thomas Hill in 1890.

An enction of minor works by Impressionist artists went true to form with a morning total of £742,115 and 19.7 per cent unsold. A view of the vic-tory celebrations in Trafalgar Square in 1918 by the French artist Claude-Francis Barry went for £23,100, over double the top forecast, and "Tre uomini alla tavole" by Ottone Rosai. did well at 517 500 Rosai, did weli at £17,600.

Sotheby's established a record price for a single jewel at ac-tion in North America when it sold a pear shaped diamond of 31.47 Carats for £1,209,622 on Tuesday to a private European buyar,

REASSURING, ISN'T IT.

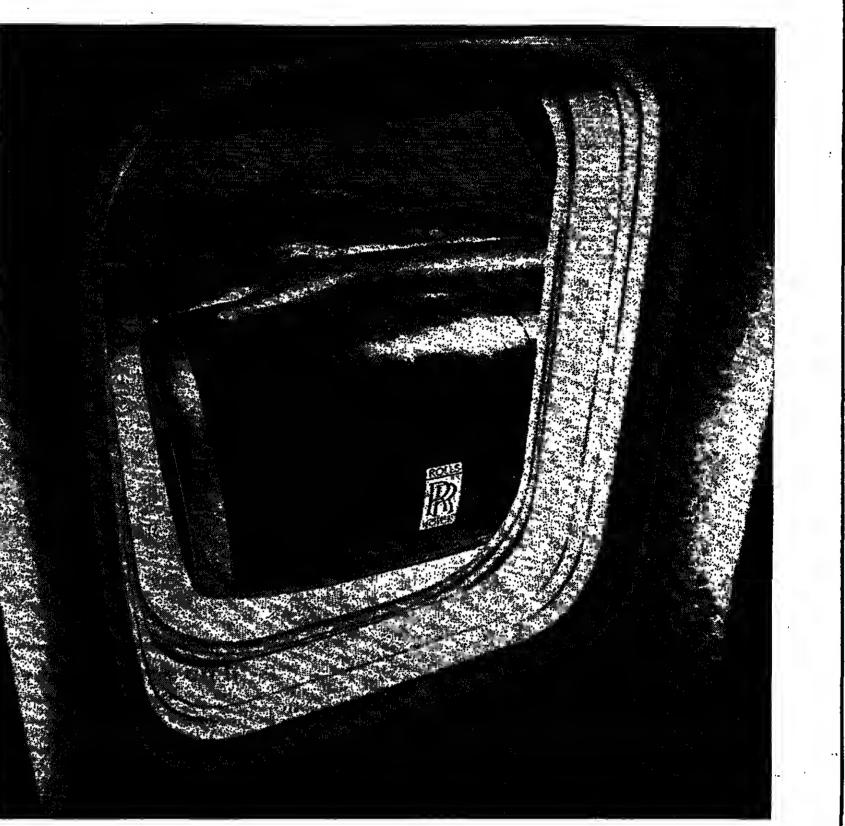
It seems that many people are reassured by the sight of our name on the engine casing.

It isn't entirely rational. All engines supplied for airliners are reliable.

But somehow the Rolls-Royce tradition of care and craftsmanship has built an image in people's minds.

A feeling of unsurpassed excellence has surrounded our name since we started making aero-engines for the Bristol Fighter in 1916.

The Rolls-Royce Merlin



engine made the Spitfire an outstanding fighter in the Second World War.

And today over half of the aeroengines we make are for military aircraft. More than 110 of the world's fighting

forces use our engines.

The vertical take-off Harrier uses the Pegasus, the only engine of its type in service.

Our civil aero-engines provide the power for aircraft operated by over 270 airlines worldwide.

These include Concorde, with its Anglo-French Olympus engines, and Boeing's 747 Jumbo Jet and the new 757 which shuttles back and forth day in day out between London and Edinburgh and Glasgow. We also make a fair number of engines that never get airborne.

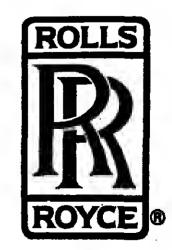
Nearly a tenth of our sales consist of gas turbine products for electricity generating stations, ships and pumping stations such as those on Siberian and trans-Alaskan pipelines.

Last year our products generated record total sales of £1.6 billion which yielded pretax profits of £81 million.

So next time you fasten your seat belt

and glance out of the window and see our name you'll know why you feel so reassured.

In the meantime, here's a reminder of what to look for.



FINANCIAL TIMES BRACKEN HOUSE, CANNON STREET, LONDON EC4P 48Y Telegrama: Finantimo, London PS4, Telex: 8954871 Telephone: 01-248 8000

Thursday October 23 1986

Dropping the monetary pilot

lecture. The Governor of the Bank of England chose this occasion to administer the formal rites over broad money targeting, which has in theory been a cornerstone of British monetary policy fro a decade. In recent years, it is true, the subject has looked in extremely poor shape, and has been pro-nounced dead by e number of specialists, so the actual inter-ment is not likely to cause any subject has looked in extremely poor shape. and has been pro-nounced dead by e number of specialists, so the actual inter-ment is not likely to cause any subject has looked in extremely subject has looked in extremely specialists, so the actual inter-ment is not likely to cause any subject has looked an extremely specialists, so the actual interment is not likely to cause any serious excitement. What the spectators heartlessly wish to know is what will succeed this dead letter of the monetary law; hnt the Governor did no more to enlighten them than did the Prime Minister or the Chancellor in their recent pro-

Arbitrary boundary

In one important respect, nevertheless, the Governor's speech is reassuring. This was a raally impressive and well-researched demolition of the old theory. Nobody who studies it carefully, and with an open mind, will feel inclined to accuse the authorities of evasion or covert relaxation when broad noney targats are missed in future. They will be missed, because although the Governor made an overwhelming case for made an overwheiming case for dropping them rather than simply de-emphasising them, they will remain formally in place at least until the Medium Term Financial Strategy is re-stated in the 1987 Budget. The enthorities will continue to ignore them, unless other signs confirm the case for action. confirm the case for action

confirm the case for action. Excess liquidity The reason is simply that broad mooey is difficult to understand and almost impos-sible to control. As the Gover-nor showed, the end of ex-change and credit controls, and the increased volatility of in-terest rates and exchange rates. have changed almost beyond trecognition the system which Mr Denis Healers songht to con-trol in 1976. More and more deposits yield high rates of in-terest, and more and more are held outside the banking system. Excess liquidity There are two answers to these threats, short of a fiscal squeeze to wring excess squeeze to wring excess squeeze to ensure interest tatis that into which British policy has drifted: to ensure interest trates are high enough to dis-courage switching or spending. The differentials which now seem to be necessary to main-tain confidence in sterling de-liver their own unflattering indignent on the British record. The other is to adopt a clearer commitment than the endless succession of sermons against inflation.

A FUNERAL is an odd cere-mony to launch a new venture, almost entirely arbitrary the but at least the Loughborough distinction between deposits university Banking Centre can which count as money and claim to have secured a memor-closely eimilar instruments able funeral for its first annual which do not, while a targeted lecture. The Governor of the Bank of England chose this meaning. Second, all these occasion to administer the formal rites over broad money furnering which has a theory of not become more attractive

Official realism We have been urging these arguments for some years, and so must ecknowledge the Gov-ernor's speech as a notable advance in official realism. He added other persuasive argu-ments of his own. First, the development of sophisticated swap and futures transactions in corporate finance means that a single act of borrowing may be counted several times over in the statistics; some of the excessive growth of credit and hroad meney is thus an optical illusion. In addition, increased competition has reduced the cost of bank intermediation. The demand has naturally risen. However, the fact that

The demand has naturally risen. However, the fact that liquidity cannot be accurately measured or meaningfully tar-geted does not mean that it does not matter, as the Gover-nor repeatedly stressed. It may tell us little about the future trend of nominal income or consumer demand, but it does tell us the system may be becoming dangerously volatile. Large corporate balances can readily finance heavy runs on starling. Large personal bal-ances can be spent if inflation fears are reignited.

Excess liquidity

POPULATION THE INORDINATE length of the meeting the Organi-sation of Petroleum Export-Ing Countries in Geneva, which ended yesterday, may prove to be more significant then the 13 members' failure once again to achieve a long-term agreement.

halve

As the meeting dragged on into the small hours in its 17th day of wranging, political posturing, and diversions, it had become clear that although fundamental agreement was for the seventh time in 12 months out of reach, outright failure had become unthinkable.

RESERVES

For this reason, the latest meeting may prove to be an important turning point for the

mportant turning point for the oil market. The last days and fevered hours up to 3 am yesterday were spent splitting adjectives over a political compromise de-signed to minimise each country's loss of face and allow each minister to go home with some-thing he could claim to show for his labours.

for his labours. All this hagging centred on the allocation of an extra 200,000 barrels per day of pro-duction, a mare 1.2 per cent of the present optional ceiling of 16.8m barrels per day, and scarcely enough to make the world oil markets blink.

World oil markers blink. The big question of how the 13 commtries will share produc-tion over the medium term was put off yet again until a re-newed session on December 7, when the prospects of agree-ment appear dim to say the least. Meanwhile Opec will stagger through another two months, with minor modifica-

months, with minor modifica-tions to the temporary agree-ment reached in August. It is clear, however, that the

most was the conference, but the most time-consuming problem was the redistribution of quotas. Definitive agreement on a new a distribution based on land system of allocation, based on mass, but there, was general. "objective" criteria, has been from the outset a condition laid down by Kuwait. The stipula-tion was quietly dropped as it because apparent that much. mood within Opec has charged radically since the meeting last December when it announced with studied insourcance that it pline of production quotas in pursuit of "increased market more discussion would required before the 13 members share." could reach consensus oo a In spite of deep rivalries and the bitterness engendered by the Iran-Iraq war, the 13 countries kept on talking and felt compelled to argue each other into exhaustion, like a split jury unable to emerge without some credible con-sensus to show the world. By the end of last week the Opec ministers had three pro-posals on the table. The first was to extend the temporary two-month agree-ment into November and senting all member countries In spite of deep rivairies and formula for dividing up the oil

December with a 200,000 b/d increase, nearly half of it for Knwait. This was supported by the "conservative" monarchies led by Sandi Arabia. The second was to extend the agreement for two months giving 70,000 b/d to the most needy countries. Echador and Gabon, with 130,000 b/d for the

marked reaction at its con

ment was the most contentious

agency, moving from there into property and botels in the early 1960s. Like many others, they were hit badly in the property crash of the 1970s hut pulled through, and in the late 1970s disposed of several of their major London botels.

In the 1980s, however, the emphasis has been vary much on expansion. In 1982 they paid £9.5m for MF North, a temper-ance hotel chain run by testotal Sir Cyril Black, and the follow-ing year they bought Ellerman Lines the printing count of the state

Ing year they bought Ellerman Lines, the privately-owned ship-ping and brewing group, for nearly \$50m. The shipping side was sold off late last year in a management buy-oot, but plans to sell the J. W. Cameroo brew-ing business in Scottish & New-castle fell through wheo the deal was referred to the Mana-

deal was referred to the Mono-

polies Commission. They also own East Anglian brewers Tollemache and Cobbold.

Out of the blue

best in the world."

There was no lack of hyperbole

yesterday when the Duke of Edinburgh officially opened

+20

rest, excloding Iraq. This was proposed by the radicals, among them Iran. The third option was a col-lapse of the cartel agreement and the prospect that oil prices —and Opec revenues might On the other hand they can still strongly infinence it.

1+17

Several new forces may therefore he emerging to curb some of the bigger swings in an oil market where rises and falls of 50 per cent have be-come almost routine in the last mine months. That prospect was credible after the wild awings in the oll price this year—and so devastat-ing—that it was clear that somehow or other delegates would have to reconcile their demands. And they did.

The first is a revived sense in Opec that price is more im-In Opec that price is more im-portant economically than mar-ket ahare, for individual countries as well as for the group as a whole. This was recognised in the communique from the latest meeting in which a desire to re-establish It may be significant that the It may be significant that the oil markets appeared not to have been surprised. Spot prices for Brent crude remained close to the \$14 to \$15 per barrel range for most of the meeting and showed, no very price levels was attributed to Seudi Arabia.

Inevitably, states campaigned

The much more vivid fear of Although the basic economic barrel. penury which has gripped many dangers of this approach may Opec of the Opec producers seems to have been obvious on paper two str have convinced many oil com-since last year, it may have collapse panies and traders that another been difficult for oil producers barrel colleges to below 210 a bound to be and the been difficult for oil producers barrel have convinced many all com-panies and traders that another been difficult for all producers collapse to below \$10 a barrel to believe after a period of 11 is unlikely, so long as Opec can years in which Opec had man-keep talking. This itself is a aged to maintain the all price powerful incentive for Opec at between \$20 and \$50 per bar-members to keep the conversa-tion going, for it is now clear few producers or all companies that they have little hope of regaining autright control of could plunge to \$6 per barrel the other hand they can This has brought about an important change of sentiment

OPEC

Perhaps, a new equilibrium

By Max Wilkinson, Resources Editor

in the markets. As one oil executive put it, a collapse of the Opec cartel could never be final since the price would be nul since the price would be driven down to a level where. the pressure to reform it would be irresistable. Conversely the markets will be suspicious of any production-sharing agree-ment, because past history shows that high prices lead to cheating

cheating.

There is thus e growing feeling in the industry that a new equilibrium is emerging-albeit an uncertain one — in which prices will move in a relatively narrow range relatively narrow range between about \$14 and \$17 per

oil is only 6.6 per cent, accord-

ing to the generally accepted reference, but it has about 40 per cent of mouths to be

Opec's experts made permit-

tations on this data with some fairly startling results. One was

Still no agreement on how to divide the cake

world demand by about a quarter. The second stage began in Geneva in August where Orece cobbled together an eleventh hour temporary agreement to return to the production quotas first agreed in 1983, but to exclude Iraq. The announce-ment of this production ceiling of 15.8m b/d had an electric effort on the market. Oil prices quarter.

32

effect on the market. Oil prices rose by more than 50 per cent to about \$15 per barrel, and have hovered around this level ever since. The major question now is whether the old conflicts within Opec will allow a more per-

manent agreement to be reached in December. This hinges to a considerable

have been cut from 663,000 b/d

to about 460,000 b/d and Gabon from 137,000 b/d to 60,000 b/d.

month. month. However, at this meeting Kuwait and Saudi Arabia appear to have regained a par-tial ascendency by refusing to sanction any agreement which failed to give an increased quota to Kuwait. Sheikh Ali Khalifa al Sabah, the Kuwaiti oil minister, warned at the out-set that he was willing to stay a month unless his demands were satisfied. In the end he got only part of what he wanted, got only part of what he wanted, and Saudi Arabia contributed its "share" of an increased

quota to Kuwait's allocation. It seems inevitable that simi-lar horse trading, perhaps on a grander scale, will be resumed in December when delegates will once again take up the near impossible text of attention impossible task of attempting to agree an objective formula for future production.

No formula, however, can evold the problem that within an overall ceiling of say 17m b/d any increase for one mem-ber means an unacceptable re-duction for others. If full agreement seems far

The experts came out in favour of seven " parameters "---reserves, production capacity, historic market share, produc-tion costs, internal consumpoff, however, this latest and langest meeting of Opec such gests a way in which the oil-producers may muddle through, starting with the rather arbi-trary production allocation that anderstood to have given Ecua-tion, petroleum exports as a dor, Gabon and Qatar a cogative antiliement. Others justified a quota for such populous coun-After the findings of the ex-

quota for such populous coun-tries as Indonesia and Nigeria perts had been submitted to a simple majority favoured add-ing external indebtedness as an furiously and interminably ebout increments as the oil eighth. This was bitterly dis-puted by Ruwait, which said countries like Venezuela had only themselves to blame for their linblities. The weighting of the chosen "parameters" has yet to be debated.

extent on the balance of power between Saudi Arabia and its conservative allies in the Guit Opec's lesson was learned in two stages. The first was the collapse in prices from \$30 per barrel last autumn to a price of only about \$6 for some Arabian blends this summer. Co-operation Council and the radicals led by war-torn Iran. Arabian blends this summer. This followed what some pro-ducers now see as a collective act of lunacy in December when Opec effectively abandoned pro-duction restraints, setting off a free-for-all in a market where production capacity exceeds

25.8

Financial Times Thursday October 23 1986

radicals led by war-torn Iran. In Angust it seemed that Iran had gained the initiative by e combination of threats and persuasion. The Saudi strategy of "teaching Opec a lesson" in market forces was in danger of beckfiring as political strains became intokerable. It was Iran which proposed the interim arrangement doe to expire at the end of this month.

North See

1986

1985

These developments have two consequences which are seem able to enforce, is to tar-bedsvilling monetary policy in most countries, and especially ernor's learned demolition of in the English-speaking the old system reinforces the countries where the structural case for the alternative he changes have been most failed to mention. against inflation. This commit-

Costs and quality

in British Rail

THE NEW financial targets for British Rail announced by Mr Will they be alleviated by a fur-John Moore, the Transport ther cut in public grants for Minister, on Tuesday seem to what is the world'a densest rail underline a common fallacy: that a public service can be should BR be obliged to impose efficient only if it operates at yet higher fares when the ser-break-eveo or better, as gauged by commercial accounting prinby commercial seconting prin-ciples. BR'e public service operating grant is to be scaled back to £555m over the next three years, compared with nearly £900m in the financial year which ended last March. InterCity services will oo longer undiff for a public stratt and qualify for a public grant and will be lumped with freight and

will be lumped with freight and other commercial services oo which a total real return of 2.7 per cent will be expected. The planned cut in public support for Network South-East and the provincial rall net-works has to be seen in the context of a surge of complaints ebout the quality of BR's ser-vices. In August, the Central Transport Consultative Com-mittee, the rail users' watchdog, produced a scathing report. It noted a 39 per cent jump in passenger complaints, a poor record on punctuality (only two record on punctuality (only two thirds of express trains to and from Euston and Kings Cross were within five minutes of

thirds of express trains to and from Euston and Kings Cross were within five minutes of scheduled times) and unaccept-able levels of involuntary stand-ing and overrowding. **Passengers' expense** The watchdog concluded that financial targets have been met (or approached) only by cost-cutting measures at the expensa of passengers. Real efficiency gains require the provision of improved services at reduced costs; they do not mean higher fares, and fewer and shorter able Accounts Committee made a similar point earlier this year: success in meeting strategic objectives—the finan-cial targets fares objectives—the finan-cial targets fares objectives—the finan-cial targets fares objectives—the finan-cial targets fares objectives—the finan-cial targets fares objectives of the finan-cial targets fares fa

this year: success in meeting strategic objectives—the finan-cial targets—does not neces-sarily imply an improvement in efficiency. Certainly, anybody who uses Network SouthEast is unlikely to be impressed by the quality of service. Chrooic overcrowd-ing during peak hours, cancel-lation of services and poor pune-targets.

Daring duo make their bid THE brothers Devid and Frederick Barclay, the moving force behind the andacious 2750m hid by Gulf Resources for Imperial Continental Gas Association, have a well-de-served reputation as two of Britain's most publicity-shy husinessmen.

Social costs

Social costs The efficiency arguments are much less clear-cut than the Government admits. The social costs and benefits of rail trans-port, as almost all economists concede, are not captured by accounting principles designed to measure private profit — and that crudely. It is not a coinci-dence that rail services in most other countries — certainly Japan and continental Europe — are both more heavily subsi-dised and more efficient and comfortable. Is relation to GDP, the rail subsidy in West Germany is more than twice as large as the UK's; it is bigger still in Austria. In Switzerland, figures oo punctuality are businessmen. This week, in the interests of promoting the IC Gas bid, they have raised their profile just a little, allowing members of the press across the threshold of their Ellerman Lines City offices. Bot the abort and dap-perly dressed twins remain re-markably reluctant to reveal much more about themselves, and the businesses they own. and the businesses they own. If pressed, they will admit to being in their early 50s, and to owning and running their com-panies jointly. David, they joke, is chairman because he was born ten minutes before his boother. brother. Nor is the bld for IC Ges figures oo punchulity are apparently not recorded, be-cause they are not necessary. likely to reveal much about the extent of their fortune and the profitability of their businesses, since it is being made by a US company in which they hold just a 34 per cent stake.

Tax breaks

"New York to Moscow-is that business class, econ or til for tat, sir?"

least to gain from such an approach conceded that the be most important factors are reserves, production capacity and historic market share.

KUWAITS DEMAND for an started its work on the se

increased production entitite- day of the conference.

and instorie market intre. Some, however, also argue that "socio-conomie" factors, like population, should be taken into account. It is these demo-graphic disparities—population generally within Opec states is in inverse ratio to oil reserves —which create most tension.

Men and Matters

To take two extremes, Saodi Arabia has 33 per cent of Oper's collective oil reserves but less than 3 per cent of its popu-lation. Indonesia's share of the

at the request of Mrs Thatcher, he had made a prescutation to the Cabinet last year on his work at the Audit Commission, work at the Audit Commission, which involves promoting value for money in local government —s subject close to the Prime Minister's heart. "By all accounts, they were extremely impressed with what we were doing," he said—which sug-gests he has already made his mark where it really matters. Banham has also shown he does not cringe from criticising government. Two years ago. They are known to have worked itself loose, got into one begun their careers in estate of the generating units and agency, moving from there into caused about HK\$2m damage. csused about HKS2m damage. A team of 10 engineers from GEC Turbine Generators, which built the units, was rushed to Hoog Kong and spent six weeks repairing the damage. One engineer said at the time: " It's inasplicable. There is oothing obvious we can find that anyone failed to do." does not cringe from criticising government. Two years ago, the Andit Commission published a report castigating Whitehall for the uncertainties of its carrot and stick policies on local government finance, sug-gesting that they had cost rate-payers dearly. Eighteen months later, the government quietly dropped some of its Happily, the Chinese Government seems to agree the acci-dent was a quirk, since it has recently awarded GEC a con-tract for work on Guangdong's nuclear power plant at Daya Bay, just 40 miles from Hong Kong. ment seems to agree the acciquietly dropped some of its controls. CBI members will be hoping to see more of such powers of persuasion.

Management conference in Harrogate today will be, for the first time, two trade union pro-motions.

One exhibitor is the EETPU

One exhibitor is the EETPO electricians' union. No sur-prise that, given the union's popularity at IPM conferences, its attempts to market itself generally, and to recruit mem-bers by signing controversial strike-free agreements with

Such e policy has led the EETPU into conflict with other unions, and with the TUC, which took disciplinary action earlier this year over the Wap-

ping dispute. Odd, then, that the other mion stall should be manned by the TUC itself, trying for the first time a direct sale of its

services and publications to

companies ettending the con-

Observer

companies.

ference.

Kong. Together, Castle Peak and Daya Bay, says GEC, have secured for British industry more than 75,000 man years of work and will provide Hong Selling points Nestling among the stalls run by management consultants, business software manufac-turers, video trainers and recruitment agencies at the annual Institute of Personnel Management conference in Kong with one of the best power supplies in Asia. More than enough, I suppose, to cure a HEATM headache.

Banham's tact

Their hotel empire includes the luxury Howard Hotel in London's Temple and the Londonderry on Park Lane which The only glimpse of his thoughts on industry afforded by John Banham, who takes over early next year as the new they cold for £9.5m in 1978, only to buy it back five years later for £18m. director general of the Con-federation of British Industry, was in the Think Tank report on the future of the British motor industry. He headed the McKansey team which helped Edinburgh officially opened Hong Kong's giant Castle Peak to prepare it.

power station, saying that it provided proof of "the ability That was 11 years ago when the report, while putting re-sponsibility for the industry's of British industry to match the The HK\$2bn plant, which by 1990 will have eight generators in operation producing 4,850 mw of electrical power, ie among the largest in Asia. It has been commissioned six months ahead of schedule, and on budget. So, amid the coogratulations yesterday, nobody mentioned the humble bolt that, in June, competitive weakness firmly in

ties. Overall, however, the weight-ings receiving the least backing from delegates put the Gulf pro-

ers in a very strong posi-Saudi Arabia and Kuwait Sauiti Arabia and Kuwalt pressed for a regime giving a 50 per cent weighting to re-serves, 20 per cent to capacity, 20 per cent to historic market abare and 10 per cent to popu-lation. The result gave Kuwait an entitlement of 2.06m b/d compared with its old quota of 900,000 h/c and Saudi Arabia one of 4.88m b/d compared with 4.353m b/d. Algeria would Argument over them will ensure another protracted meeting in Geneva in Decem-

meeting in Geneva in Decom-bar. In practice, it will almost certainly only be possible to agree a system which applies to incremental production. **Richard Johns**

both increments as the oil market slowly recovers. This may take some time, however. Huge stocks built up in the summer when production reached 21m b/d are likely to overhang the market until Feb-ruary. By then a reduction of oil demand will be in sight as the northern spring approaches. Perhaps Opec's best hope for this period will be to emulate the member-countries of the Common Agricultural Policy and try to keep hope alive by remaining in almost continuous session.



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ss class, economy

UK economy

How house prices fuel wage rises

By John Muellbauer

ment, an apparent transforma-tion of the industrial relations bouse prices and regional dif-

ŋ

to be centrally implicated in work with quarterly data con-the inflationary process; I sus-fitms an average lag of two pect that the bousing market is as important as the deficiencies occur in the first year. as important as the deficiencies

buying or about in buy a house, even if this is not reflected in even it this is not reacted in the Retail Price Index. Second and perhaps even more impor-tant is the effect on house prices on labour mobility. When house prices rise, those in the more prosperous areas lead. This prosperous areas lead. This influences inflation directly makes it more expensive for If this is so, it is ironic that, those in less prosperous areas at the very time the monetarist to move and increases the mis-match between unemployed most strongly implemented, the people and unfilled job mechanisms effectively to con-vacancies. Lastly, it may be trol morigage credit were being that bouse price inflation in dismantiled. Is a cause of increased More fundamentally, there is a cause of increased inflationary expectations. It could also conceivably be could also conceivably be merely a symptom, in which case conclusions drawn here are overstated.

We have built upon the well-known Layard-Nickell real wage model for annual data to provide the empirical evidence. Included in Stephen Nickell's latest version of this model, the

scene and an environment of ferentials in the last three years global disinfiation, wage infa-tion remains so high. ferentials in the last three years baye added, or will add, about the recent research on wages finds the housing market inflation into 1988. Preliminary

pect that the bousing market is as important as the deficiencies of the UK'a labour market insti-tutions and its system of train-ing and education in explaining the country's relatively poor post-war economic performance. We now appear again to bave embarked on a spiral of domestic inflation in which bouse prices, demonstrated by domestic inflation in which the econometrician David Hendry, makes confusion between lagging house prices and earnings easy; third, wage equations of Layari-Nickell, and finally. In the past, with a lower proportion of owner-occupiers, house prices were less included the theoretical sophis-tications of Layari-Nickell, and finally. In the past, with a lower proportion of owner-occupiers, house prices were less important. Probably the single most important reason for recent-rapid house price increases has

rapid house price increases has been the disappearance in about been the disappearance in about 1981 of mortgage interest rationing. The housing market may be the major channel by which the money supply influences inflation directly

More fundamentally, there urgent repetition of the recent can be no doubt of the central warning on mortgage lending role in house price inflation of by the Governor of the Bank mortgage interest tax relief, of England. But the funda-which has beloed to guarantee mental aim must be to re-set real rates of return that, over the tax signals which are at the the years, have overshadowed core of the problem of house those on other assets. Given the price inflation, now much effect of house prices feeding exacerbated by the continuing back into earnings, there was a liberalisation of housing potential tinderbox which again finance. Capital gains tax could and again threatened to jenite. be extended to main resi-

ONE OF the great puzzles of by the proportion of owner lid has been high interest rates the UK economy is why, despite occupiers, shows both effects to massive increases in unemploy. be strong and stable over time. Let us consider the correct policy response. It should not be deflation through higher in-terest rates. The conventional

view is that raising interest rates slows inflation by strengthening sterling, thus reducing import costs and cutting demand for goods. To these must be added the effect via tho

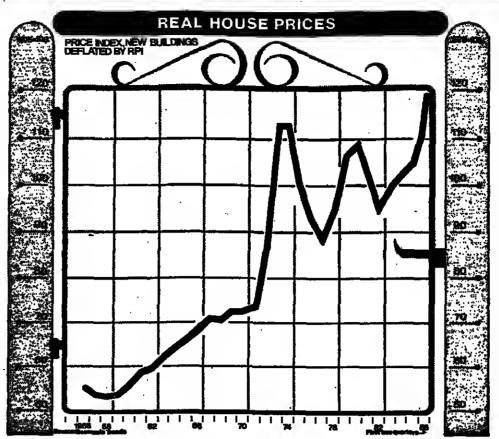
must be added the effect via the housing market. However, our empirical research reveals sig-nificant offsets. First, cutbacks in production, which reduce labour utilisation, increase unit costs and prices. Second, sud-den shocks, whether positive or negative, result in additional hiring or firing costs and these get passed on to prices. Third, higher interest rates raise costs and prices. All three are reaand prices. All three are reasons to avoid Stop-Go macro-economic policies. There are other, more longterm, limitations on the effec-tiveness of deflation, whether

policy-induced or not. Deflation eventually reduces the effective supply of labour and of productive capacity so that, when demand picks up, inflationary pressure is more

likely. The likely. The political arguments against higher interest rates and higher unemployment are even stronger than they were. Given the Government's com-mitment in wider share owner-ship, it could be disastrous for electoral prospects if in the next few months, interest rates have to be jacked up, produc-ing capital losses for many new investors and reducing the cash flows of owner-occupiers. flows of owner-occupiers.

Instead, the correct policy response should begin with the urgent repetition of the recent

provide the comparise evidence, potential indertook which again indexe. Capital gains tax colid Included in Stephen Nickell's and again threatened to ignite. be extended to main resi-latest version of this model, the in the past, the lid was kept on dences and the "Schedule A" press new house price of two by mortgage rationing, incomes tax on imputed rent reintra-years ago and a regional house policy and sometimes by high duced. A good economic case price difference: both weighted interest rates. In the 1980s, the can be made for these, Simpler



perties would no doubt provate egalitarian elements in such e reform. But it seems virtually certain that if the basic element of this proposal were adopted by the Government, they would swiftly include similar proposals in their platforms. their platforms.

Consider the consequences if such e package succeeded over the next year or two in rolling back the average level of nominal bouse prices to, say, that prevailing in 1984-85. It would impart a major defla-tionary impulse to the UK eco-

nomy but one bearing largely on prices, rather than activity. Wago inflation would fall, lower interest rates would be possible, not only because of the reduction in inflation but because of reduced levels of credit demand. Consumor borrowing, based on housing collateral, which is destined to fucrease further with the new freedoms of building societies, would fall or grow more slowly, bringing down the growth in monetary aggregates and in the volume of imported consumer goods.

House and land prices would fall by more than the average in London and the South-East where the speculative excess

would be the announcement of has been greatest. This would now looks infeasible. The other a phased withdrawal, over improve the conditions for is an incomes policy of the three years perbaps of mort-regional mobility, make the Layard type that would operate gage interest tax relief with a labour market more efficient through taxes on companies politically advisable compensat- and reduce a source of infia-ing reduction in the standard tionary pressure. An addi-tional weapon in the campaign rate of income tax. The opposi-tional benefit would bo that the against inflation. rental market in housing would become relatively more attrac-tive and better supplied. More-over, conditions of falling house

prices provide the ideal moment to reform legislation in the rented sector. Reform in the past has been stifled by the rent increases that would have resulted from liberalisa-Who loses and who gains? The paper capital losses of The paper capital losses of owner occupiers are obvious but, for many, cash flows would improve. Those with boldings of gilts and equities would benefit from the appreciation made possible by falling in-terest rates. New buyers should benefit ergently and since as an

amost complete and the new non-inflationary equilibrium is just around the corner. There may be something in all of these ideas. But the financial markets have become doubtful about the fundamentals and I now share their doubts. benefit greatly and, since as an age group, many have been If my analysis is correct, the present tax treatment of ownerbettered by unemployment, occupancy threatens not only

high interest rates and high future growth and employment but through the Government's commitment to stock market bouse prices, that seems fair. The worst affected would be values, its own election prosincautions lenders to the houspects, For once, political edvaning market: their capital tage and e statesperson-like security will fall at the same concern for the unemployed time as does their interest inand the future of the British economy coincide.

There are two other policy There are two other policy options facing the Government. One is the re-introduction of article wes undertaken with Olympia mortgage rationing but this Bover.

Lombard Miracle tax cure now available

By Michael Prowse

THE Financial Times has 1981, a massive dose of Taxcuts wonderful news to share with its (a 30 per cent concentration rearfors. A stunning, entirely over three years—enough to new economic cure-all has come fell an ox) was applied to the through extensive diagnostic US economy. The results are trials in the US with flying not yet all in, but so far look colours. The miracle drug, highly encouraging. known as Taxcuts, should shortly be available from Euro-nean Health Centres.

liberal doses, it can make people work harder and save more, make companies invest

now looky infeasible. The other is an incomes policy of the Layard type that would operate through taxes on companies and which 1 favour as an addi-tional weapon in the campaign against inflation. Optimists will argue that basic reform is unnecessary: there are indications that house price increases are slowing; the CBI data suggests a slight fall of wage settlements in manu-facturing; the August trade deficit was a statistical aberra-tion; the adjustment of house prices and consumer debt to a new equilibrium after the re-moval of rationing in 1981 is just around the corner. There may be something in all of these ideas. But the financial consumer term is an addi-tion; the adjustment of house prices and consumer debt to a new equilibrium after the re-moval of rationing in 1981 is just around the corner. There

ingenuity of Doctor Arthur Laffer, the man from an obscure Laffer, the man from an obscure Californian clinic who first found traces of Taxcuts on a hotel napkin. But have you beard of Doctors Paul Craig Roberts and Jude Wanniski, who forsook scholarly studies at prestigious Washington and Wall Street clinics to market the drug? But for them, the products of rival pharmaceutical firms, such as Reflation and Money Supply, might still be popular.

popular.

shortly be available from the second states that the second states and the second states and the second states and the second states and the second states are second states are second states and the second states are second states liberal doses, it can make deficit in the history of man-people work harder and save kind. Clearly, Taxcuts did not more, make companies invest encourage a spending spree of more and grow faster, and, unboly proportions; instead most surprisingly, make red ink ordinary Americans workod disappear from public accounts. harder and saved more. That's Yes, it'a true. Taxcuts can why the US is running the big-actually increase government sactually increase government gest trade deficit of its history revenue because it leads to such and wby the dollar bas been fantastic growth of tho real more volatile than ever before, economy. You simply hand out first going through the roof money and buckets more comes and then through the floor. Record real interest rates and

Record real interest rates and the chronically unstable dollar are just two of the reasons American industry is so gratoful American industry is so gratoful for Doctor Laffer's drug. At the beginning of this decade, US business was in the doldrums, losing market share to the dynamic Pacific Rim economies. It needed a tonic and bas had one. There has been a flowering of entrepre-neurship: America has never felt so competitive. Its compe-titive edge is proven by the vast trado gap -- by the fact that nobody wants to buy American goods. It is confirmed by the flood of protectionist bills; businessmen only demand import barriora when they are feeling strong. feeling strong.

Eminent American doctors stress that Taxcuts bas social stress that Taxchis bas social as wall as economic virtues. US society is renowned for its altruism and concern for the downtrodden. Doctor Reagan's prescription oncourages the ordinary American to be even less solfish, to care even more about the general good, and even less about his own financial eircumstances. financial elrcumstances.

One can only hope that Tarcuts will prove as effective in Europe as in the US. We too want to be brought to our fiscal knees and turned into the popular. Ronald Reagan, however, has to be the biggest and most im-portant name in the Tarcuts saga. As head of the US's through the intellectual debate through the intellectual debate trial of the drug, Starting in believe in miracles.

P

EEC conflicts

shares at all. When Sir John Read gave as his stated aim the achieve of as wide a spread of share ownership as possible

15

From Mr M. Hutching

of interests

From Mr M. Hatchings Sir,---While wholly support-ing James Flym's view (October 14) that the Suther-land initiative on state aids is laudable, I do think it should be remembered that the people who suffer the con-sequences of this particular political football are com-panies trying to do business in panies trying to do business in

the EEC. the EEC. As a result of the lack of publicly available information about notifications of aid schemes, a company that is offered some form of assistance by e member state government has to decide whether or not has to accept the ald without being eble to establish whether the aid scheme has been notified and approved by the Commis-

sion. If the company accepts the aid and subsequently learns that the Commission is investi-gating the grant of the aid, any submission to the Commission by the company has to be made without knowing either the basis of the Commission's objections or the justification for the scheme as put forward by the member state concerned.

by the member state concerned. The Commission'a current procedure in state aids cases disregards the interests of tho recipient of the aid and treats state aids exclusively as an issue between the member states and the Commission despite the fact that if the grant is held to be unlawful it is the commany that will have is the company that will have to repay it. Michael Hutchings. 21 Holborn Viaduct, ECI.

Proposals for pensions

11

From Mr I. Walker Sir,-Mr Michael Meacher may well describe as "ludricous fabrications" (October 18) the Government's estimate of £16bu as the cost of his proposals for pensions — but he does little to dispel the electorate's justifiable anxieties over this matter.

Mr Meacher elaims: that he is being misrepresented and that his high spending plans will take time (but no more than five years) and that the Tories have quoted gross costs and that there are offsetting savings to reduce the burden (like supplementary and means tested benefits for pensioners).

JIE ng

Letters to the Editor

that quoted by the Government — Labour has already promised part of the pension increases and thus they have been taken into account and should not have been included as part of the f16bn. sive lobbying of MPs and candidates to clarify to them why people are voting. The tragedy is that those most affected do not yet have e vote. Du can Heenan 21, Gotherington Lane,

Mr Meacher makes spurious Bishops Cleeve, comparisons with European countries. In these he ignored Cloucestershire the enormous contribution made by the UK occupational pension schemes to retirement income. Shopping centres Jain B. Walker. 40 Ennismore Gardens, SW7 From the Director, British Road Federation.

Finance for education

From Mr D. Heenan Sir,-Peter Renard (October 20) is right in asserting that 20) is fight in asserting that inadequate funds are put in to state education. The capita-tion inadequacy, however, understates the problem, because it is only part of the funding.

For years, all governments For years, all governments, but especially Mrs Thatcher's, have produced the old "com-pany doctor's " trick of sacri-ficing genuine long term im-provements for superficial short term financial gains. In educa-tion this has been by suppres-sing teachers' pay and virtually stopping all building and equip-ment maintenance. Falling school rolls have absolved the Government from much of the capital expenditure programme, space. Compare this with the incon-venience, congestion and other factors which discourage shop-

capital expenditure programme, but the neglect of both staff and facilities is only now becoming apparent. Teachers in the most needed areas of science and technology are leaving the pro-fession and etaff and children alike are expected to work in a run down, shabby or inappro-priata environment. The heartache of this is

becoming obvious to any parent now. But the economic price will only become evident in years to come when an under educated, demotivated working population will perpetuate the pation's poor industrial per-

Sir,-The method used for formance While I respect Peter Renard's view that parent electing successful epplicants tested benefits for pensioners). Well a week may be a long time in politics and five years a lifetime in Parliament — but it is not so in pensions where five years for funding and/or spreading costs is but a begin-ning. And what of the offset-ting savings? Are the Tories already delivering the goods to needy pensioners under their means tested benefits? But we have yet to come to the real cost saver that reduces Mr Meacher's estimated expen-diture to "a mere fraction" of for the recent TSB share issue requires widespread condemna-tion by all who value demo-cratic principles. It is quite

apparent that epplications were balloted in batches, with no attempt being made whatsoever attempt being made whatsoever to achieve any equitable distri-bution where more than one member of a family unit applied. The result appears to have been that in many cases husband, wifo and children have all been allotted shares, while in many others no member of a family received to achieve any equitable distri-surely the pro-power stations as sources. B. W. Skelchor. Summer Place, Goldings Lane. Leiston, Suffolk.

sympt

ballot

Peter J. Witt: 6, Portugal St, WC2.

Bias in the

From Mr R. Selby

people also understood by this that the distribution would be as fairly allocated as possible. No ettempt to echieve this seems to have been made. The result has been that many families has been that many families have achieved e multiple pro-fit on their shares, while many others have received nothing. This can hardly be deemed democratic or even "fair" in any sense of the word; indeed it lends the impression to per-sons who have not previously invested on the stock market sons who have not previously invested on the stock market that the wholo procedure is little more than a gamble. While a normal rejection following an equitable method of balloting would naturally have resulted in disappoint-ment for many shareholders, it

ment for many shareholders, it would not have left the sense of injustice thet I write to ex-press, which I believe was felt by many people, including those who were successful in their applications. R. A. Selby. 34 Arden Road, NS. Sir,-The Minister for the Environment's promise to re-strict the development of large shopping centres (October 15)

may stract popular acclaim. Regrettably, right or wrong, it does nothing to address the problem of which these pro-posed developments are a

Entirely fair

hasis

posed developments are a symptom. Perhaps he should begin by asking why they are proposed in the first place. Clearly the developers expect them in succeed. This in turn antici-pates a wide measure of sup-port from shoppers. One can only conclude that shoppers are inclined to favour such develop-ments which can be reached by car as well as public transport and which offer ample parking space. From Mr O. de Baer Sir.—Mr J. Dealey (October 21) suggests that the TSB ballot discriminated in favour of single applicants. Our four applicants cations (two adults, two minors same surname, same eddress, were all successful. I though that perhaps the TSB was trying to encourage long term investors through families. consolidation

Anyway as far as we are con-cerned the basis chosen was entirely fair. O. R. R. do Baer,

factors which discourage shop-pers from existing centres. Urgent action is needed to redevelop our urban centres-by all means in public/private partnership-to provide facili-ties which cater, among other things, for the demands of per-sonal mobility. Without this our cities will die. We need to cure the illness not supress the symptoms. 8 Gertrude Street SW10.

Development of

energy sources

From Mr B. Skelcher Sir,-I am amazed that Sir Christopher Cockerell (October Christopher Cockerell (October 16) with all his engineering experience should insinuate that nuclear fission reactors will be needed for ever. Looking back over our shoulder we see that Chadwick discovered the neutron just over 50 meets and Prior to POWERCOST

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over 50 years ago. Prior to that time there could have been little if any thought of pro-ducing energy by splitting uranium atoms. It seems highly likely that in 50 (or maybe a 100) years' time energy sources far superior to nuclear fission will have been developed. Nuclear fusion is clearly one such possibility. Surely the present nuclear power stations are but e pass-ing but important phase in man's development of energy

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Construction at its best

FINANCIAL TIMES

Thursday October 23 1986

Cautious Hong Kong hedges its bets

THE commitment of Britain and what it is - something worth little China to the joint declaration that more than the paper it is printed sets out the terms under which on.

Hong Kong will be handed into Chinese sovereignty in 1997 "will be an ever, is far from one of unmitigated assurance and an encouragement gloom. There is full employment, to you", Queen Elizabeth said on inflation hovers around 3 per cent her arrival in the British territory and the stock market is reaching rethis week.

in the future has been restored by months ago. the Sino-British agreement one The economy is likely to grow by need only recall the unprecedented about 5 per cent in real terms this public campaign in Hong Kong over year, with exports up by about 20 public campaign in Hong Kong over year, with exports up by about 20 the past six months opposing the per cent. The scope for earning nuclear power plant that China money remains greater than almost plans to build at Daya Bay, close to anywhere else in the world. Guangdong province's border with Hong Kong. Underlying the campaign is not underlying the campaign is not stantial investments in Canada re-cently noted: "My investments in in just a fear of nuclear power in the wake of the accident at Chernobyl in the Soviet Union, but a fear that the soviet Union, but a fear that the soviet Union, but a fear that the soviet Union but a fear that the soviet U

in the Soviet Union, but a fear that ments in Hong Kong are ensuring Chinese bureancrats will be in con- my family's living." But even he trol of the plant. Many of those who would not admit to deep pessimism doubt Peking's ability to run a nu- about post-1997 Hong Kong. In clas-clear power plant fear that it will sic Chinese style, be said he was similarly be unable to run a finely tuned economy like that of Hong Kong. Hong Kong Government is whether

Many of Hong Kong's profession-al and middle classes are sufficient-is draining such substantial re-iy nervous about the future to be in-sources out of the economy that criy nervous about the future to be in-vesting large sums oversees. They tical investments for the future of are educating their children outside the territory's industries are not be-the territory, and many are actively seeking a foreign passport – prefer-ably Canadian, American or Aus-terline and the sources out or the economy that cri-tical investments for the future of the territory's industries are not be-jury is still out.

BY DAVID BUCHAN IN GLENEAGLES, SCOTLAND

The mood in Hong Kong, howhis week. But to decide whether confidence cent higher than they were six

tralian. The British National (Overseas) Passport being offered by Her Ma-choice when the protectionists in

David Dodwell reports on the nervous mood pervading Hong Kong despite **Oueen Elizabeth's reassurances**

measurably to the reservoir of man-

Kong's practice of having knitwear Kadoonie - have been investing panels made in China. But the electronics industry -

Hong Kong's second most impor- revolution inside China spilled over ing investment at a time when big Yet this period has seen Hong structural changes in the industry Kong transformed from a ragamufing investment at a time when big structural changes in the industry

structural changes in the industry are needed if local manufacturers are to keep abreast with competi-tors in Taiwan and South Korea. Mr Holger Kluge, until recently the head of the Canadian Imperial Bank in Hong Kong, estimates that since 1975 Hong Kong people have invested more than USS5m in Can-ada alone ~ most of it in property. ada alone ~ most of it in property. Ms Andrea Eng, a partner in Col-liers Macaulay Nicolis, one of Vancfrom Canadian unversities have returned to their homes in Hong Kong to work locally, adding im-

ouver's most prominent property companies, estimates that Chinese interests own about 5 per cent of downtown Vancouver. They are understood to own a similar proportion of San Francisco's downtown property.

The Canadian Commission in are millionaires in US dollar terms, Hong Kong estimates that in 1985 and 1,300 are worth more than alone, about 5,000 migrants to Can-sione, about 5,000 migrants to Can-sione, about 5,000 migrants to Can-sione in US dollar terms, and 1,300 are worth more than sione in US dollar terms, sione in US d ada invested a total or come (USS719m). At present about half of other matter for the interaction Canada's immigrants come from Hong Kong who can never hope to earn enough to buy a foreign pass-

Hong Kong. Officials in Hong Kong insist that none of this need necessarily be bad for the territory. They point out selves, often feel that they have jesty's Government for use by Hong the US administration forced that Hong Kong's most prominent nothing much to thank the British Kong people as a travel document through "country of origin" legisla-businessmen - inchoding Li Kash- for, and expect nothing much from after 1997 has been recognised for tion that brought to an end Hong ing, Sir Yue-Kong Pao and Lord Peking once it assumes power.

They have learned to survive in the past, and expect to continue to in the future. They are unlikely to be among the mainly expatriate throngs that have this week given Queen Elizabeth an enthus welcome on her second visit in 11

マン・マント とうしん しょう かんてい かんしょう かんしょうかい

large sums overseas since 1967, when riots linked with the cultural Many would share the views of Mr Martin Lee, the maverick political figure who has been a thorn in many sides since he was elected to the Legislative Council last year. Referring to the Queen's comments, Mr Lee said: "The Sino-British agreement is certainly insufficient as an assurance and encouragement - because two years have elapsed since its signing and there are clear signs which worry us. "Will both Governments really

give to Hong Kong a system of gov-ernment which will ensure that the interests of the people will be pro-tected when there is a conflict of interest between the central govern-ment and the Hong Kong special administrative region? Officials also argue that few are investing anything but a small pro-

But even Mr Lee would not admit portion of their wealth overseas. In a territory of less than im people, it is estimated that 150,000 families to unmitigated gloom. If there were no hope, he argues, then there would be no point in spending so much energy campaigning over the territory's political future. While be devotes so much time to political activity, his potentially incrative legal practice will continue to be neglect

> When he decides to throw in the political towel and pour his ener-gies back into his legal practice that will be the time to take out and dust down the "jittery city" the

THE LEX COLUMN Hard times for Hawker

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companies to draw a line through

Hawker Siddeley's results tend to catch the market unawares, being consistently much better or much worse than the run of expectation. On this occasion, Hawker's half-year profits were flatter than even the flattest projections in the City, at a virtually unchanged £72.1m. And such was the dispirited and equivocal mood in which engineering analysts trooped back from see-ing Hawker in St James's Square that the shares carried on falling thereafter

thereafter. Down 32p to 415p on the day, Hawher has given up all the gains that flowed earlier in the year from connecting falling oil prices with thoughts of a boost to engineering demand. In fact, the balance of Hawker's customer base was tilted exactly the wrong way for falling off prices to be good in the short term: it has lost Middle Eastern orders for diesels and generators, but has not enjoyed a compensating surge

in cil-importing countries. So far as the UK is concerned, entouch off for the sake of the aftermarket. The answer of a progineering output peaked in the third quarter of last year, and the - should see the issue away sale effects of falling demand are begin-ning to show in current profits without giving too much to the across the industry. Hawker, though large and with the stability Europe before and after the float are like slimmer of the year picthat comes from a diversity of prod-

mar comes from a diversity of prot-uct, is no exception. Though Hawker can make a rea-sonable case for seeing a recovery next year (given the lags between orders and completions) it has a lot to do if it is to win back friends in the market The market deding tures in reverse. The prosp shows a business starved of re-tained profits, which hampered fast without the ability to make acquisi-tions. Afterwards, with the benefit of £14m from the float and the divithe market. The relative decline of Hawker's shares over the past five years reflects doubts over a compa-ny that accomplated cash, and did dend covered more than twice. Avis Europe will be better funded than ever before. So the compound sara-ings growth rate of 11.4 per cent a not deliver the growth to compen-sate for its low level of dividend disyear over the last four years should tribution. Now that Hawker has denow accelerate. The balance sheet will also be cided to acquire a scattering of tech-nology businesses, with the inten-tion of buying growth and ultimatechanging for the better as Avis Euly raising its return on capital, the change of tack may have come too late to reverse the tide. If the dilushort-term debt financed pur to operating leases. That will alter the composition of profits, reducing the gains on car sales but also the depreciation and interest charges. tica from making acquisitions turns out to be greater than from sitting on a heap of cash, Hawker's relations with the market are unlikely Potential investors are still looking at a 5270m company with net assets of 1270m, where there is virtually no to improve.

Avis Europe

(or more rational) than a change of mind in the light of altered circum-stance. No doubt there is some good explanation for Mr Saul Steinberg's shift of attitude towards Mercury International over the 11 months since agreeing not to lift his holding in Mercury above 10 per cent.

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Since Mr Steinberg could presu-mably have sold out when Mercury shares stood at 426p in June, it is a double-edged vote of confidence in Mercury to think about buying more shares 100p lower down. To do so gives Mercury a pat on the back in the last week before its structure is put to the full test of the open international market. At worst, Mr Steinberg must be taken as an arbitrageur - sorry, long-term holder - protecting his investment. for a rating, which would at least holder - protecting his investment. bring some science into the calcula-his intertions was worth 30p on the his intentions was worth 30p on the tion, it seems to have been a case of is intentions was worth 30p on the share price yesterday evening; a market would bear and taking a changing whim. changing whim

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tive p/e of 139 - perhaps 1% points Systems Designers

War is a terrible thing, but the Ministry of Defence can hardly be blamed for the collapse in profita-bility at Systems Designers an-nounced in a special statement yes-Part of the difficulty is that Avis terday. The Levene regime of competitive tender may have slowed the process of evaluating bids across the whole defence field, but that has been known for a long time ion into fleet leasing, and and certainly since Syster..s' rather confident interim statement two months ago. But Systems went on recruiting expensive humans to work on tenders for over 200 complex software jobs of a value grea-ter than its annual sales; and the fact these people were doing noth-ing but increase overheads has done its bit to wipe out Systems'

second-half profits. UK defence contracting is only one area of Systems overambition. For all the promise of its US de-fence software or Big Bang widgetry, Systems allowed misjudgments on product development or project management to eat up its fee earn, ing capacity, recruiting new people i was simply not the answer, as Sys-

tems yesterday recognised with a

on both recruitment and R.

only the minimum number of no-Soviet medium range missiles - as clear weapons necessary for deterence." leave Nato facing vastly superior um range missile agreement should For the first time Nato as a whole numbers of Soviet shorter range be "accompanied by other appropri-

NATO DEFENCE ministers yester- pulsion of 55 Soviet diplomats with new limits on Soviet short day endorsed US negotiating pro-bosals presented to the Soviet shart diplomans with new muss on soviet shart Union 10 days ago in Iceland, in a formal communique that papered over alliance differences on the fn-priate response for an unjustified un range massile accord "hostage to communique" of the transfer of the soviet union not to hold a medi-priate response for an unjustified un range massile accord "hostage to communique" of the transfer of the soviet union not to hold a medi-priate response for an unjustified un range massile accord "hostage to communique" of the transfer of the soviet union not to hold a medi-priate response for an unjustified un range massile accord "hostage to communique" of the transfer of the soviet transfer of the

Nato endorses US position at Reykjavik

At the close of their Nuclear Plan-ting Group meeting at Gleneagles, Scotland, Nato ministers said the IS proposals provided "the oppor-IS proposals provided "the oppor-in the state of the sta At the case of their route ar ran-ning Group meeting at Gleneagles, Scotland, Nato ministers said the US proposals provided "the oppor-tunity for historic progress", in the tunity for historic progress", in the tunity for historic progress", in the not solely, on the part of West Ger- with the US over Star Wars strate-context of Nato policy to maintain many, that total removal of US and gic defence research.

less actively-traded, "gamma" and "delta" stocks. "The market-makers

BY PAUL BETTS IN PARIS

The job reductions also come at a time of uncertainty inside the group

over the appointment of a new chairman to succeed Mr Banno-

Claude Vallieres, whose mandate expires at the end of this month.

The French group told a works

council committee meeting yester-

day that it would appounce a job re-

foreshadowed in Iceland - would ministers also stressed that a medi-

Of allied countries most affected by the latest US proposals, it was clear by the end of this meeting that West Germany was most anx-ious about shorter range missiles being left out of the potential accord on Euro-missiles,

But almost in contradiction, Nato . Mr Weinberger won formal support from all countries except Denmark and Greece for his Strategic

blow to Both Mr George Younger the UK Defence Secretary who hosied the NPG meeting, and Mr Weinberger yesterday emphasised that all mi-clear and conventional forces must **UK** oil industry be taken into the equation of deter-

> By Matrice Set Lucy Kelisway in London

Further

THE RECESSION on the world oil industry claimed another victim yesterday when ITM, a major UKbased supplier of offshore equip-ment with 700 employees, called in receivers.

At the same time, two leading

BY CLIVE WOLMAN IN LONDON

THE London Stock Exchange yes-

terday published its first compre-hensive analysis of the current costs of buying and selling securi-ties which will serve as a baseline

from which to measure the impact of next week's "Big Bang" deregula-

The results show that the total commission received by stockbro-kers for equity deals over the year to June 30 was £738m. Jobbing

firms are estimated to have re-

ceived another £100m from the

profits (before expenses) made from their dealing spreads.

These figures are lower than ex-

Continued from Page 1 plomats in the Soviet Union. He

said in future the Soviet Union

would limit the number of US diplo-

mats to the US ceiling of 251 for So viet diplomatic staff in the US.

Auenta Algura Antinata Silvena Banaleen Banaleen

pected and may force the larger fi-nancial conglomerates who have change, which was settled later. bought stockbroking firms to revise The surge of new entrants and

Moscow expels envoys

Wet diplomatic start in the US. Mr Gennady Gerasimov, the So-viet Foreign Ministry spokesman, said the Soviet embassy in Wash-ington employed few US citizens while the American embassy in Moscow and its consulate in Len-ers, employed for example as driv-

ingrad employed many local staff, ers and cooks, are engaged in spy-third-country nationals and US di-ing.

World Weather

ture course of arms control.

fore the minimum commissions scale is abandoned.

plomats temporarily seconded to the US missions in the Soviet

In future all these will be limited in number with all local Soviet staff being withdrawn, a ban on hiring

between reductions in medium and short range missiles in Europe. Mr Caspar Weinberger, the US deal on medium range Euro-mis-Defence Secretary, said the US ex- siles separately or in conjunction short a range as 150 km.

per cent to 0.43 per cent, even be- number of market-makers in the

The survey also provides the first have turned out to be more widely

overview of the size of the market market gread across the groups than we for stockbroking and market maket expected," said Mr Keith Golde-ing services. A more limited analy-Morrison, of the exchange's mar-sis was carried out in early 1983, kets committee.

with a range of less than 1,000 km. Bonn is understood to want Moshallistic Missile treaty." cow to negotiate on missiles with as

pipes, Brown and Root (UK) and Saipem, snaotmoed plans to merge gramme "as permitted by the Anti-Nato risks delay on missiles, Page 3

their UK construction operations as a way of surviving the industry's Brown and Root (UK) is part of the US Halliburton Group and Sai-pem is the pipelaying and drilling arm of Italy's ENI State-owned enMorgan Grenfell's job of pricing the Avis Europe issue was even more delicate than usual. A flop would be especially embarrassing, while a big premium in early trad-statements of present inter-

ing would annoy the sellers, Wes-

chance of a bid to boost the shares

and D. Yesterday's announcement may have cut Systems' share price by a third, to 50p, knocking £30m off its market value; but at least Statements of present intention rank among the less enforceable of contracts. There is nothing easier Systems, unlike Logica, still has the equity to support even a trebling of its net debt.

London Exchange analyses trading costs ergy group. The plight of ITM, which is based in Middlesbrough north-east Eng-land, is the third blow to the UK oll downwards their profits forecasts fresh capital into the stock ex-for the period after Big Bang. change is indicated in the updated The main reason for the low fig-inre is that the average commission the number of market-makers on deals in equities and govern-ment securities has fallen sharply over the last three years, from 0.58 The exchange is pleased by the procedult to 0.43 are done for the difficulties and the stock ex-some firms are facing in using their new computer to 0.43 are done for the difficulties and the stock ex-ter and reported only at the end of the day, with information on the participation of the difficulties some firms are facing in using their new computer to 0.43 are done for the difficulties of the difficulties one for the day. industry recently, John Howard, which includes the Howard Doris

party because of the uniteduced some firms are facing in using their new computer technology. But one firm, Credit Suisse Buckmaster and Moore, yesterday defended the stock exchange against those firms which criticised its central compu-ters after Saturday's Big Bang dress rehearsal. We invested enough to make

sure we had no problems in linking up with the stock exchange," said sis was carried out in early 1903, sets commuter. but the results were not published The stock exchange has also re-as they involved issues in the case lanced some of the requirements on Mr George Lynne. "We have tested that the Office of Fair Trading was market-makers and brokers to re-bringing against the stock er-change, which was settled later. The stocks. The new ruling is that all The surge of new entrants and such trades may be bundled togeth.

fabrication concern, called in the rerecivers last month, and Carronhall Engineering, another offshore sup-ply company, has been liquidated. Peat Marwick, the receivers to ITM, said the group's employees would continue to work on existing contracts while opportunities for selling parts of the group were con-sidered. TTM has been built from nothing over the last seven years into a di-

versified group ranging from ownership of supply vessels and rigs to fahrication yards. The latest moves are further evi-dence of the extent to which costly

North Sea on development is suffer-ing from price cutting by the main Middle East oil producers. They are likely to foel fears among unions that up to a third of the 29,000 workers in the British offshore sector could be made re-dundant by the end of next year. According to the UK Offshore On-According to the UK Offshore Op-erators' Association, exploration in the North Sea is likely to be cut by about 40 per cent in the second haif of this year compared with a year

been forced to make job cuts for the the rival European Tornado aircraft first time in the face of too lew new last September. Since then no new ago. Brown and Root and Salpem said thet with little prospect of making money from the North Sea for at least another three years, they wanted to finalise their merger by the end of the year in order to enmajor contracts for its Mirage 2000 jets, including with Morocco, Jor-dan and Turkey, have been finalised largely because of financing Dessault has sold a total of 299 sure their survival into the 1990s. Mr John Collins, a Brown and Mirage 2000s and has about 200 still to build. Root executive, said in London that Further uncertainties have come there had "never been such a rapid from the shaggish state of the small downturn in the history of the oil business aircraft market and the industry." By acting as a single op-Further uncertainties have come

managing director, said that al-though his company had avoided losing money in 1985, the situation

merger will be welcomed as a sensi-

In British government circles the

ble rationalisation. It will also be seen as a timely boost to the UK's hitherto very weak pipelaying capebility.

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is deteriorating."

North See oil development is suffer-

ago.

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speaking after a special sharehol-ders' meeting in Paris yesterday

He said the French group was not mission (FTC) for the French acqui-interested in Big Three's energy sition of the Houston-based compa-businesses but in its industrial ny. Saipem's North See pipelaying con-tracts.

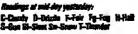
Royere said yesterday that L'Air Li- gases operations. Mr de Royere was

quide was not expected to used the full credit line since it had raised ders' meeting in Paris yesteruny S59m from the sale of part of Big which followed approval this week from the US Federal Trade Com-order book worth nearly £100m mission (FTC) for the French acqui-(\$143m). More than half consists of Worth See pipelaying con-

Harta Afastchester Hanto City Historya Historya Historya Mancha Harchi Harchi Rayter New Dathi New York Reve Stating San Frank Sand Singhar Sanda Singhar Subay Talar Tala 8 43 13 55 5 41 11 17 M 25 72 73 14

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forced upon the company because fighter aircraft scheduled to enter Dassault has failed to offset the loss service in the mid-1990s. L'Air Liquide rights

Dassault to cut jobs

DASSAULT-BREGUET, the French of the big Saudi Arabian defence state aircraft manufacturer, has contract for 72 jets which went to been forced to make job cuts for the the rival European Tornado aircraft

after fall in orders

Continued from Page 1

quide was not expected to need the full credit line since it had raised

duction programme next month. This is expected to involve about 700 joks out of Dessault's total workforce of about 16,000. The job reductions have been France's new advanced combat The job reductions have been france's new advance's new

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INTERNATIONAL APPOINTMENTS

Top reshuffle at Cominco

BY BERNARD SIMON IN TORONTO

A SWEEPING resbuffle of senior management has taken place at Cominco, the west coast lead, zinc and fertiliser producer. The tinc and fertiliser producer. The company was acquired earlier this month from Canadian Paci-fic, the railroad and industrial group, by a Canadian, West Ger-man and Anstralian consortium led by Teck Corporation of Van-couver, which has interests in gold and coal mining. Mr Norman Keevil, Jr, aged 48, Teck's president, whose family are the controlling share-holders of Teck, takes over as chairman of Cominco. Teck'e senior vice president in charge of mining, Mr Robert Halbauer, 56, becomes Cominco's president and chief executive has taken early retirement.

Mr Norman Keevil, Jr. whose family are controlling shareholders of Teck

cominco's former president, Mr William Wilson, remains with the company, but with respon-ability only for the metals division partners — Metallgesellschaft of West Germany, the metals chemi-cals and trading group. and Anstralia's MIM Holdings, the mining end mineral processing division. The board has also been reshuffled, with Teck and its

McDonald's picks

MR MICHAEL QUINLAN, 41. president of McDonald's, is to become chief executive officer of the fast food restaurant chain

executives et the group. Mr Fred Turner, 53, wbo announced Mr Quinlan's promotion, was named chief executive by Mr Ray Kroc, McDonald's founder

staffs. He succeeds Mr Allen Krowe, 54, and also a senior vice presi-dent, who becomes corporate executive responsible for world-wide development and US manu-facturing at two of IBM's four product groups, as well as for Rolm, which makes telecommuni-cations equipment.

CBS, the US television and entertainment group, announced that Mr Peter Derow has left the post of president of its publishing group, and that 14 members of bis executive staff have also left.

BY DAVID BLACKWELL IN NEW

publishing division, will report directly to Mr Laurence Tisch, acting chief executive of the

43

been pushing for fewer maange-ment layers and gulcker deci-

Finance head of IBM

BY OUR NEW YORK STAFF

BY OUR NEW YORK STAFF LEADING US computer maker, International Business Machines. which suffered a 27 per cent drop in third-quarter profits. has appointed Mr Frank Metz, 52, a senior vice president, es chief. tive for the information systems financial officer and head of the corporate finance and planning staffs. He succeeds Mr Allen Krowe, 54, and also a senior vice presi-dent, who becomes corporate executive responsible for world. wide development and US many.

a member of the management committee. The two groups now beaded by Mr Krowe previously reported to Mr Jack Kuebler, 54, also a senior vice president. Mr Kuehler

cations equipment. Mr Krowe's job is e new post. The two groups for which be bas group and the infromation responsibility make and develop. systems technology group

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to concentrate on restructuring and refinancing the debt-laden Cominco. A Teck official indicated that the new owners' highest priori-ties will include reducing Cominco's debt, which totalled CS674m et the end of 1985, while doeveloping its rich base base metal assets, which include the Red Dog zinc deposit in Alaska and the Higbland Valley copper project in British Colum-bia. Cominco, Metallgesellschaft and MIM between them are expected to control abont a third of the west's zinc output. Mr John Lydall, mining analyst at First Marathon Securi-ties of Toronto says: "The infu-sion of talent from Teck and its partners into the control positions at Cominco will be a positive influence because of their bands-on, entrepreneurial management style."

President quits Chemical New York BY OUR FINANCIAL STAFF

Central London

BY OUR FINANCIAL STAFF MR ROBERT L LIPP has the Minneapolis-based computer resigned as one of the three presidents of Chemical New York bolding company, to join Com-mercial Credit Company as services. Mr Lipp, aged 42, was in charke of Chemical's consu-mer banking unit. He takes up his new post on November L. About 71 per cent of the shares of Commercial Credit formerly be share a submer the shares of Commercial Credit formerly bis new post on November L. About 71 per cent of the shares of Commercial Credit formerly the finance unit of Control Data, good opportunity." It is under-

GROUP FINANCE

stood that he will have an equity interest in Commercial Credit. He carned \$680,000 in 1985 as a Chemical president and director. Mr Lipp will oversee Commer-cial Credit's savings and loan, sonsumer finance, insurance and other consumer-related operation

He was involved with Chemi-cal's retail banking strate including the development of credit card operations and home banking.

concern, naming eight directors to replace Canadian Pacific nominees. Several board com-mittees beve been abolished, but one new group has been created to concentrate on restructuring and refuguration the data later young chief By Our New York Staff and refinancing the debt-laden

His eppointment follows the tradition of baving young chief

Ray Kroc, McDonald's founder in 1973. Mr Quinlan joined McDonald's in 1963 as a summer mail clerk while still studying at university. He rose through the positions of store manager, supervisor, district manager, regional manager, vice president, senior vice president, and president of the US business to his present post as president and chief operating officer of the corpora-tion. Mr Turner joined McDonald's

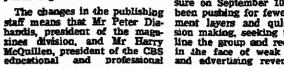
operating officer of the corpora-tion. Mr Turner joined McDonald's in 1956, and also worked through the ranks. He was appointed president in 1968 when there were 967 stores with sales of \$266m in three countries. Now-sales top \$11bn, from over 9,000 stores in 43 countries. Mr Turner will continue as chairman of the board and will be chairman of e newly-formed executive committee. He says: "I feel it is time to pass the CEO baton to Mike. "He is reedy and I am com-fortable the timing is right. Our McDonald's system will benefit from this evolutionary change and there is more than enough for everyone to do. McDonald'e is and will continue to be a full-time commitment for me."

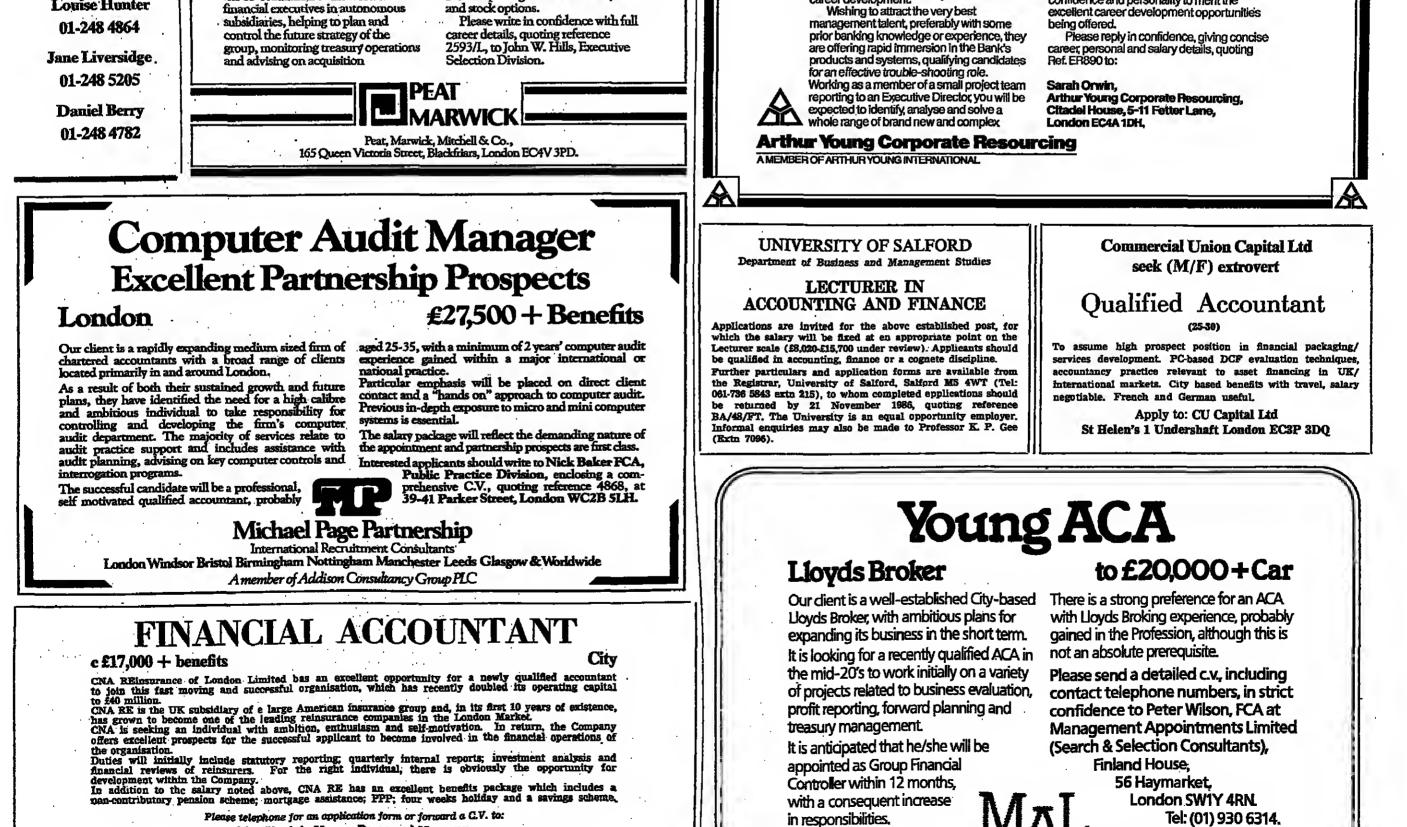
acting chief executive of the group. Mr Tisch, chairman of Loews Corporation, the diversified insurance and hotels concero. which has a 24.9 per cent stake in CBS, took up the massge-ment of CBS after Mr Thomas Wyman resigned under pres-sure on September 10. He has been pushing for fewer mange-Mr Derow, 46, who has held the post for five years, will con-tinue as a consultant to CBS on publishing matters.

CBS reorganises

publishing group

sion making, seeking to stream-line the group and reduce costs in the face of weak television and advertising revenues.





Mrs Virginia Monro, Personnel Manager, CNA Management Company Limited, Fountain House, 125/135 Fenchurch Street, London EC3M 5DJ. Telephone No: 01-626 3321

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the changing financial operations, the

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410 Strand, London WC2R ONS. Tal: 01-836 9501 163a Bath Street, Glasgow G2 4SO. Tel: 041-226 3101 India Buildings, Water Street, Liverpool I.2 ORA. Tal: 051-227 1412 113/115 George Street, Edinburgh EH2 41N. Tel: 031-225 7744

c£26,000+car+benefits

Company Secretary

Milliam HILL

Our client is the William Hill Organization Plc, the highly successful betting subsidiary of Sears plc, which operates in excess of 1,250 Betting Offices both in the UK and Europe.

They require a Company Secretary to take full responsibility for all statutory duties, pension matters, insurances, legal work and the Company's purchasing requirements. The successful applicant will work closely with the Board in the formulation of policy and corporate decisions.

Candidates, probably aged 30-45, should be qualified Chartered Secretaries or Solicitors,

Leeds

who can demonstrate a strong commercial background, gained in a fast moving competitive environment. Well developed communicative skills, a strong personal presence and commercial awareness are prerequisites of the appointment.

The package includes generous relocation expenses where applicable, a fully financed Company Car, Pension Scheme, free Life Assurance and Private Medical Care. Please write to Alan Dickinson, A.C.M.A., quoting ref: L8224, giving full details of career to date, at Michael Page Partnership, 13/14 Park Place, Leeds LS1 2SJ (Tel: 0532 450212).

Manchester M2 2FE, Tal: 061-236 1553

The following APPOINTMENTS

appeared yesterday

Japanese Security Sales Marketing Executive Corporate Finance Investment Manager Bond Salesmen Corporate Fx Dealer Euronote Sales Specialist General Manager Trading Analyst International Capital Markets **Product Development**

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER LONDON - FRANKFURT - NEW YORK

Recently-qualified ACCOUNTANT

An opportunity exists in a private Licensed Deposit Taker based in the West End of London for a recently qualified accountant with computer experience.

Reporting to the Company Secretary, the responsi-bilities include working with both computerised and manual accounting systems for the preparation of financial statements and forecasts, as well as dealing with movements of funds and administrative, company secretarial and taxation matters. Success in this role should ensure excellent career development within this organisation. Previous banking experience is not required.

The financial rewards for the successful candidate are commensurate with experience and will be highly competitive.

Please write giving details of age, education, experience and present salary to Box A0308, Financial Times 10 Connon Street, London EC4P 4BY

Financial Director Construction-Main Board

c.£35,000p.a.

An established Group of construction companies (T/O c.£40m) of high repute operating principally in the South East wishes to appoint a Financial Director of the parent company, reporting as an executive to the Managing Director with responsibility for leading the financial function in all aspects and for working within the Board on future developments. Candidates must have held a senior

accounting appointment in

construction, preferably at Director

William MILNER Management & Selection Consultant

level, and be experienced in the disciplines of managing a public company.

Age indicator: 40/45 years. Salary negotiable about £35,000 p.a., car and benefits usual in a major company. Based in London.

Please write stating age, current salary, and how you meet the Client's requirements, quoting reference 175. No information will be disclosed without permission.

1 Spencer Parade, Northampton NN1 5AA, Tel: Northampton (0604) 259288

Team Leader-Internal Audit **International Banking Group**

Michael Page Partnership

London Windsor Bristol Birmingham Nottingham Manchester Leeds Glasgow & Worldwide A member of Addison Consultancy Group PLC

c£17,500 plus benefits

International Travel

City based

Excellent prospects

LONDON: Charterhouse Chambers, 18-21 Charterh

London

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The development of the capital and securities markets and global banking calls for improved financial and management information systems. We are looking for a team leader to carry out a variety of speciel assignments in addition to supervising routine tasks. A market leader, as well as e A market maker, our client is a British bank, operating internationally. They are making a major investment in people as well as in Information Technology to ensure their continued success.

A qualified Chartered Accountant, the successful candidate will need good inter-personal skills in addition to a sound technical accounting background. Previous experience in a banking or securities environment would be an advantage. The post offers exceptional career prospects in addition to an excellent package.

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For more information about this vacancy, Ref: 676 and to arrange an initial Interview, please telephone John Pitt on 01-608 0488, or send a full c.v. to our London office at the address below.

John Hacker associates LIMITED et (01) 808;0486/LEEDS: Yorkahire House, Greek Street, Leeds, West Yorkahire LSI SFIW. Tet (0532) 456 762

1st MOVE A.C.A.

City

c£20.000 + Car + Bonus

Our client is a major US financial services group whose main operations cover the International Equities, Commodities and Capital markets. Formidable growth has been enjoyed by the London Office, both in volume and profitability, over recent years.

Directly responsible to the London Controller, the appointee's duties will include the analysis, supervision and reporting of a broad range of financial accounting tasks. Moreover, a significant contribution will be required in related management reporting areas.

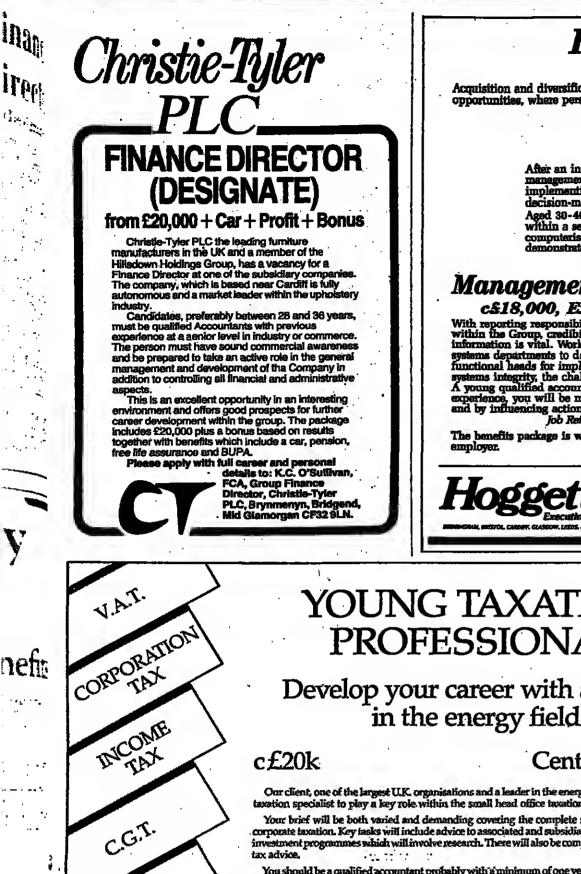
Ideally candidates will be in their mid 20's, with some exposure to the financial services sector and/or international reporting procedures, gained via a respected professional practice.

> Please reply in confidence to PHILIP GRIFFITHS for applications details.

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HUDSON SHR THE COMPLETE FINANCIAL SELECTION SERVICE Vernon House, Sicilian Avenue, London WC1A 2QH. Tel: 01-831 2323

Accountancy Appointments



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FINANCIAL SERVICES
NORTH WEST
Acquisition and diversification by this substantial, fast-growing, worldwide institution has created the following opportunities, where personal ambition and ability are the only limitations to development.
Chief Accountant
c\$30,000, Excellent Benefits
After an initial period of systems and business familiarisation, you will control the management accounts and specialist functions, with responsibility for setting and implementing strategy. Business growth demands timely, accurate information for decision-making and to ensure availability is a primary objective. Aged 30-40, a graduate and qualified, you will be an experienced manager, preferably within a service industry and certainly be accustomed to working with large, sophisticated computarised systems. Goal-orientated and used to tight deadlines, you must be able to demonstrate a period of significant achievement in Nur present prediction.
demonstrate a record of significant achievement in your present position. Job Reference 30074.
Management Accountant Financial Accountant
c\$18,000, Excellent Benefits c\$18,000, Excellent Benefits
With reporting responsibility for allocated sub-divisions within the Group, credibility of the management information is vital. Working with the operations and systems departments to develop procedures and with functional heads for implementation and achievement of systems integrity, the challenge is large and rewarding. A young qualified accountant with some large system experience, you will be motivated by problem-solving and by influencing action from others. Job Reference 30075
The benefits package is what you would expect from a large financial institution. Our client is an equal opportunities employer.
D.A. Teale, Male or female candidates should telephone in confidence for a Personal History Form 061-832 3500, Hoggett Bowers plc, St. John'a Court, 78 Gartside Street, MANCHESTER, M3 3EL.
Appointments Advertising £41 per single column continentre and £12 per lina £41 per single column continentre and £12 per lina Premium positions will be charged £49 per singla column continert For further information, coll: LOUISE HUNTER 01-248 4444 JANEL INFERTO 01-248 4782
career with a leader

Nationwide **Building Society**

a leading financial institution with assets exceeding £11 billion, invites applications m qualified Accountants for the position of

NANAGEMENT ACCOUNTANT

£21,600 + Car and benefits

hin the Finance Division of its Head Office High Holborn This key post, which has becoma vacant as a result of

mal promotion, provides an excellent opportunity comeone with substantial post qualification erience, gained preferably within the financial tor. It is likely that the person appointed will be aged ler 35 and also possess experienca of both frame and micro computer applications.

is the head of a small professional team, you will e responsibility for the whole of the Society's agement accounting function, encompassing getary control, forecasts, financial reporting and detailed analysis of profitability. You will also expected to play a major part in the further nputerization of accounting systems. The Society is now entering one of the most exciting

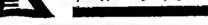
ods of development in its 102 years history, due ty to the range of business opportunities stemming n new Building Society legislation. Within this ironment it is anticipated there will be considerable be for career advancement.

he Society offers an attractive package of benefits assistance with re-location will be available where ropriate.

andidates should send full C.V. particulars, including rent earnings, to the address below to reach the cruitment Manager no later than 3rd November 1986.

R N Wharton Recruitment Manager Nationwida Building Society **New Oxford House** High Holborn London WCIV 6PW

An Equal Opportunity Employee





A varied and interesting appointment - scope to reach the Board of a subsidiary company within 3-5 years

FINANCIAL AND OPERATIONAL AUDIT MANAGER

307/8 High Holborn, WC1 V 7LR 01-404 4561

HONG KONG

ALPS

£25,000 - £34,000 INCOME TAX 17%

79 New Bond Street, W1Y9DB 01-493 3813

MAJOR INTERNATIONAL GROUP - ASSETS OVER 12 BILLION This vacancy calls for accountants, (A.C.A. or A.C.C.A), aged 25-30, who have acquired at least 21/2 years successfully heading up consultancy audits or who are fully conversant with conducting Internal audits at a similar level. Responsibilities will cover, through 3 seperate teams, the planning, scheduling and control of the Group's financial and operational audit, covering the Group's many interests, mainly in Hong Kong and also in Asia Pacific and Australia. Up to 25% away travel will be necessary. The ability to play a key role in assisting the Group'as well as individual units achieve greater efficiencies,

in the energy field

Central London

Our client, one of the largest U.K. organisations and a leader in the energy field, is seeking a young taxation specialist to play a key role within the small head office taxation team.

Your brief will be both varied and demanding covering the complete spectrum of personal and corporate taxation. Key tasks will include advice to associated and subsidiary companies in respect of investment programmes which will involve research. There will also be compliance work and personal

You should be a qualified accountant prohably with a minimum of one year's taxation experience or a trained Inspector of Taxes, keen to develop a career in industry.

Thus is a challenging role, providing considerable scope to develop your taxation skills, as well as offering very good long term career prospects.

Salary for discussion as indicated plus valuable travel subsidy.

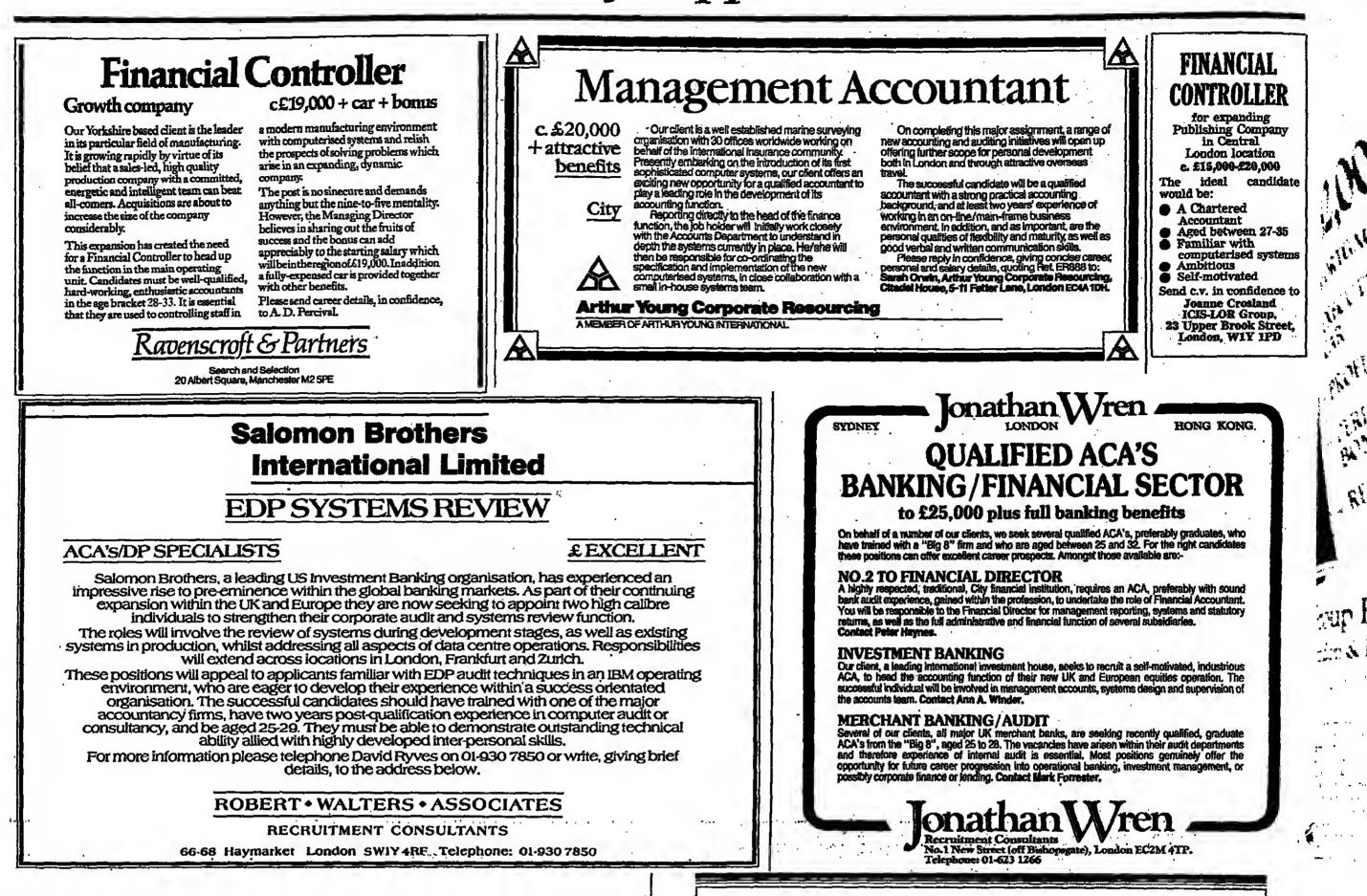
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For further information write to P.O. Box A0305, Financial Times, 10 Cannon St., London EC4P4BL

Selection Consultants

Accountancy Appointments



S Unilock Holdings plc Finance Director

Southern Home Counties

Our client, the major subsidiary of the Unilock Group and a leading UK commercial interior contracting company is seeking to recruit a Finance Director.

The company has an existing turnover of £20m and has ambitious plans for development during the next few years. They are looking for a qualified accountant who will play a major part in this expansion. Heading up a Finance Department of 16 staff, the role will initially involve extending the existing computer application, while retaining a strong emphasis on providing timely management information. The individual will extend the undoubted expertise of the current management team and will view the role in a broad perspective.

c£30,000 + car

The ideal candidate will be a qualified accountant, probably a graduate, aged 30-40 with an above average track record in a tough commercial environment. The position will involve contact at all levels and therefore strong communication skills are essential. If you feel you meet these requirements please write enclosing a comprehensive curriculum vitae and daytime telephone number quoting reference 360, to

Philip Rice MA, ACMA, Executive Division at 39-41 Parker Street, London WC2B 5LH.

Michael Page Partnership International Recruitment Consultants London Windsor Bristol Birmingham Nottingham Manchester Leeds Glasgow & Worklwide A member of Addison Consultancy Group PLC

CORPORATE TREASURER

Surrey

c.£25,000 + car

This opportunity to develop expertise in a key area of financial management arises in a British group which derives its turnover of around £350 million from international operations in the fields of transportation, engineering and chemicals.

Reporting to the Group Chief Financial Officer, the Corporate Treasurer will be required to develop and manage computerised systems to control subsidiaries' funding and world-wide foreign exchange exposure. Efficient cash management will be a key responsibility, calling for direct involvement with operating companies to control working capital and reduce borrowings.

Applicants should combine experience in the above areas with a knowledge of the money markets and a relevant professional qualification.

Please send a comprehensive career résumé, including salary history and day-time telephone number, quoting ref. 2719 to G.J. Perkins, Executive Selection Division.

Little New Street, London EC4A 3TR. Telephone: 01-353 8011.

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Young Management Accountants

Central London to £17K

Customer Premises Equipment is a newly established business unit of British Telecom, responsible for the UK marketing/distribution of the opporatus product partfolia.

The HQ Management Accounting team will play a crucial rate in maximising profitability of this billion pound operation, through the establishment of effective management reporting procedures, financial planning and business analysis. Several openings have been created to strengthen the team.

Management Accountants -Product and Inventory

These positions require in-house liaison with purchasing, pricing and product management divisions, to provide senior management with advice on all financial aspects of business decisions. Responsibilities include forecasting and budgetting, variance analysis and new product oppraisal.

Management Accountants – Field Operations

20.00

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These roles entail regular contact with the sales districts to provide end to end prafitability and management information, and will cover the analysis of district monthly reports and performance.

The successful applicants, preferably graduate finalists or recent qualifiers, will passess at least two years' relevant management accounting experience, gained in a competitive, marketing-oriented environment. Familiarity with microcomputers is essential; the envisaged age range is mid to late twenties. These roles provide the rare opportunity to make a vital, immediate and highly visible impact on the success of the business.

Please apply, in confidence, quoting reference 263/4/IT to Bernadette Laffey at Charles Barker MSI, 30 Farringdon Street, London EC4A 4EA. Tel: 01-634 1143.

TELECOM

Our Client is an extremely successful British Group manufacturing a range of specialist products which are marketed internationally through their subsidiary companies. They have an impressive record of achievement in recent years and have established a strong market leader position for their product ranges.

Financial & Business Analyst Up to £17,000 per annum Mid Kent

New Appointments Group

Each subsidiary company is organised on a profit-centred basis and works within a well defined and co-ordinated budget programme reporting financial performance to the international corporate finance function against a tightly deadlined monthly schedule. This appointment takes responsibility for monitoring the performance of the subsidiary operations and emphasis will be placed on the analysis and interpretation of accounting information prior to its submission to the Board of Directors. The person appointed must be capable of interpreting important trends and will be involved in co-ordinating budget programmes and developing long range Business Plans for the international Group.

Candidates are likely to be aged around 24/30, familiar with micro-based computer systems and trained in a financial discipline either as a qualified Accountant or as a business graduate with a financial specialism. The appointment will also appeal to a newly qualified Accountant from a professional office with good large audit experience who now wishes to move into an industrial business within a medium-sized multi-national company.

Career development prospects are attractive within the Group and are likely to be either towards further financial specialism or to an operational finance role. Relocation assistance will be given where appropriate.

Brief bat comprehensive career details to or telephone: New Appointments Group, Personnel & Selection Consultants, NAG Business Centre, Second Floor, 89 King Street, Maidstone, Kent ME14 1BG. Tel: (0622) 55002.

Personnel Consultanta

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FINANCE MANAGER

required by the Port of Fujairah, U.A.E., to be fully responsible for the Port's accounts department, developing budgets and corporate plans. He will also undertake cash flow management.

Qualifications:A.C.A., A.C.C.A. or A.C.M.A., with
experience of computer-based
systems.
Previous experience in the port
industry and the Middle East would
be an advantage.Salary:Dirhams 10,000 per month (£1,850)

sterling approximately). Married status with 42 days' leave a year plus normal fringe benefits.

Applications, with full curriculum vitae, to:

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The General Manager Port of Fujstrah P.O. Box 787, Fujsirah, U.A.E.

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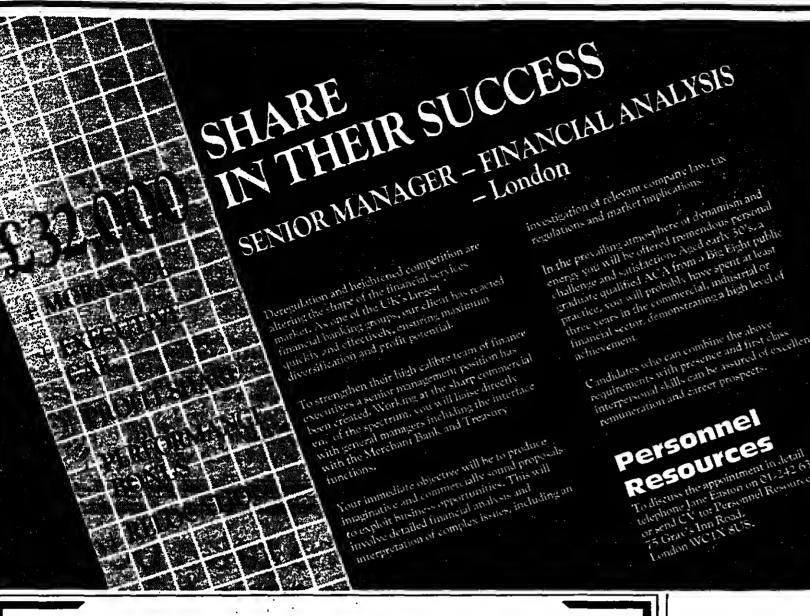
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Accountancy Appointments



International Careers Young ccountants

British-American Tobacco Company Limited is part of B.A.T Industries whose turnover is in excess of £12,600 million. We operate worldwide with companies in over 50 countries and we are looking for ambitious accountants to develop a career in financial management

You should be aged under 28, a graduate either ACA or ACMA currently employed in industry. You should now feel ready for a significant career move and have a desire to live and work overseas. Your first appointment could be anywhere in our worldwide sphere of operations - Latin America, the Caribbean, Africa, Europe or the Far East - and is planned to rapidly build up your financial management skills and knowledge of our business.

For your future our policy is to offer positive career progression - in this case through a series of both international and U.K. assignments - to top management appointments in Finance and General Management. Posts command attractive starting salaries supported. by a range of expatriate benefits.

Please write for an application form and further information to: Geraldine Cable, British-American Tobacco Company Limited, Westminster House, 7 Millbank, London SW1P 3JE. Alternatively phone 01-222 2610 and listen for details.



Group Finance Director (Designate) London & Essex to £27,500 + car

Ur client is a young dynamic Plc within the telecommuni-cations industry. Exciting business plans have recently been agreed based upon a fresh injection of institutional finance which along with reinvested profits will allow major new product development. The Group already has an im-pressive blue chip customer base and is kooking forward to a promising future.

There is now an immediate need for a high calibre manager to head up the financial function and to play an essential role in the Group's continued success.

The Group has offices in London and a factory in Esser. Your time will be shared between the two locations.

The role is one which will demand the combination of . hands-on involvement, including the introduction of a comprehensive C.V. and daytime telephone number, new computerised systems, as well as the ability to represent the company to hanks, investors are a comprehensive C.V. and daytime telephone number, quoting ref. 359.

You will be well versed in systems development in a manufacturing and marketing environment and are likely to be in your mid-thirties.

The competitive package reflects the importance of the position and it is intended that share options will be available after an initial period. Interested applicants should write to Nigel Bates FCA, Executive Division, enclosing

PROSPECTIVE NATIONAL TAX PARTNER PERSONAL FINANCIAL PLANNING

London

ACAs 28-35

410 Strand, London WC3R ONS. Tel: 01-836 9501 183a Bath Street, Glangow G2 4SQ, Tal: 041-226 3101 In Suffage, Water Lower, Liver and L2 or A. Tel: 05, 227 1414 13/115 George Street, Edinburgh EH2 41N. Tel: 031-225 7744 Brock House, 77 Fourieria Street, Manchester M2 2EE. Tel: 063-236 1533

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Joint Ventures

Accountant

Elf UK PLC, the subsidiary of one of the world's leading energy companies, has substantial interests in the exploration and production of oil and gas both onshore and offshore.

and production of oil and gas both onshore and oilshore. We require an experienced Joint Ventures Accountant to become involved in all finance-related aspects of our joint wenture activities. Responsibilities include the monitoring and preparation of billing statements, the review and initiation of cash calls, Involvement in the negotiation of relevant sections of new agreements and lialson with technical departments on budget and cost control aspects of all joint venture activity.

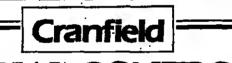
Our client is a fast growing medium sized firm of chartered accountants seeking a prospective national tax pattner to develop personal financial planning services to existing and potential clients. There will be early access to a core portfolio of high net worth individuals but the emphasis in the role will be to develop and market the firm's services; personal financial planning, personal taxation, inheritance tax, trusts sic, to new clients. The role will also provide a focal point for advice to the firm's offices outside of London.

---- Candidates (male or female) should have a first class background in personal tax work in public practice and should be able to demonstrate the qualities to achieve partnership either immediately or within the short term.

If you wish to be considered, please send your C.V. and Tax Technical C.V. to George Ommod B.A. (Oxon) at our London address quoting reference No. 7165.

International Recruitment Consultants. London Windsor Bristol Birmingham Nottingham Manchester Leeds Glasgow & Worldwide A member of Addison Consultancy Group PLC

Michael Page Partnership



FINANCIAL CONTROLLER

Bedfordshire

to £25,000

Cranfield Institute of Technology has a high reputation for its services to industry in the UK and internationally in numerous areas of technological and management advancement. The Institute currently operates at Cranfield and Silsoe in Bedfordshire and at Shrivenham in Oxfordshire. Of the present turnover of £50m, some 85% is obtained from sales of services to industry. Substantial further growth is anticipated.

Functionally responsible to the Director of Finance, the financial controller will have a staff of 36 covering all aspects of budgetary control, accounting and management information for operating units at Cranfield which have a combined turnover in excess of £30m.

Applicants for this position must be well educated, qualified accountants who have attained management positions in industry. Alternatively, a management role in the accountancy profession may have provided appropriate experience. It is anticipated that this person will be heavily involved in computerisation and would be expected to have a high level of interest in the general. advancement of technological development and education. Working with highly qualified colleagues, a confident and competent personality is essential.

In the first instance please send brief personal and career details to Douglas G Mizon quoting reference F836M at Ernst and Whinney Management Consultants, Becket House, I Lambeth Palace Road, London SEI 7EU.

Ernst & Whinney

CE DIRE

West Yorkshire

£27,000+Prestige car+benefits

Our client is a privately controlled group at an exciting stage of development. Its principal interests lie in the distribution and transportation of consumer products throughout the UK. The company has ambitious growth plans for the finture.

Applicants for the position of Finance Director should be young (probably aged 27 to 32) graduate accountants (ACA preferred) with above average technical competence gained within a challenging commercial environment. The job encompasses all aspects of financial management as well as responsibility for the finance and DP departments. The company utilises up-to-date computer technology.

If you have the flair to operate effectively in a fast moving and demanding commercial environment calling for total commitment but offering an exceptional salary and benefits package, this appointment offers considerable scope for involvement in the commercial decision making of the business.

For an early interview please apply to Brian Daniels, (Managing Director), Daniels Bates Partnership Ltd., Leeds Office, Tel: (0532) 461671, quoting ref: 86/2233 FT.

Daniels Bates Dartnership PROFESSIONAL RECRUITMENT Daniels Bates Partnership Ltd., Josephs Well, Hanover Wolk, Park Lane, Leeds LS3 IAB, Tel: (0532) 451571 (5 Hass 24 hours). Also at: Fountain Precinct, Leopoid Street Wing, Sheffield SI 2GZ, Tel: (0742) 734815

MANAGEMENT ACCOUNTANT Excellent Salary Negotiable Southampton

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TELEVISION SOUTH PLC, the largest of the ITV Regional Companies, controls the independent programme service each day to some five million viewers throughout the South and South East of England.

113/115 George Sta

The Company requires a Management Accountant for TVS Production Ltd, the main production company with studios in Southampton and Maidstone which provide programmes for TVS, the ITV network, Channel 4, and the world market. The successful candidate will be a member of a small Management Accounting team and be responsible for all aspects of budgetary control including direct costs, overheads and capital relating to the production service.

Reporting to the Finance Director, this key appointment calls for innovative problem solving ability and good inter-personal skills necessary for close co-operation with other areas of the organisation. Experience of computer Accounting systems and micro-computer applications is desirable. There are good prospects for career advancement within the Television South Group. Candidates, preferably qualified ACCA/ACMA and aged 27-32 with 2/3 years experience since qualifying should apply in writing with a full c.v. to:

Ray G. Skinner, Consultant,

Senior Management International Landseer House Executive Search Consultants 19, Charing Cross Road LONDON WC2H 0ES

DIRECTOR **FINANCE & OPERATIONS** Neg to £35K

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Wimbledon

Our client has achieved impressive growth (profitable turnover approaching C3N) since it was established in 1978. There is an impressive blue chip customer base. The Board wishes to appoint a Director to take charge of finance and operations, freeing the founders to focus on sales and marketing to exploit the further growth potential of the company.

He or she will be an accountant with solid commercial experience, prefarably in a manufacturing-orientated industry. Organisational, leadership and diplomatic skills will be critical in this pivotal job.



Salary negotiable to £35K, depending on qualifications and

experience. Pension. Medical Insurance. Cer. Assistance with relocation

For further details and an

application form please telephone Windsor (0753) 867175 (24 hours) quoting

if necessary.

ref DM/525.

Candidates are likely to be part-qualified accountants with A competitive salary will be offered together with a first class benefits package. Applicants should write with full career details, including current salary to:

Mrs. Hilary Jeanes, Personnel Manager, Elf UK PLC, 197 Knightsbridge, London SW7 1RZ.

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to £40.000

Financial Accountant

£17,000 per annum

A leading Architectural Practice in London, W.1., require a recently qualified chartered accountant. Ideally seeking their first move into the commercial environment.

The successful candidate will be responsible for maintaining financial and accounting records for the Partnership which will involve consolidation and interpretation of information from many sources.

Please apply in writing "in confidence," with full details and current salary, to

> The Personnel Assistant, The Fitzroy Robinson Partnership, 77 Portland Place. London WIN 4EP

Accountancy Appointments

Recently qualified Accountants

Two important financial opportunities to prepare you for senior management responsibility

These management vacancies are based within our Head Office in London and report to the Senior Financial Analyst, Trade, Your role will be concerned with creative techniques and forward planning rather than with routine accounting

Commercial Financial Analyst – Free Trade

You'll be concerned with producing business and profitability analysis based upon management information Extended work on long term strategic projects and ad hoc exercises will give variety and scope to the role, as will the considerable liaison with other functions which is integral to the job. Responsibilities will include historic performance monitoring, budgetary review procedures, planning exercises,

pricing reviews and investment appraisals

Financial Analyst - Tenanted Trade and Property You will be responsible for analysing, interpreting and advising on financial issues in this key area of our business.

Both long and short rerm exercises, dealing with the analysis of annual budgets, monitoring income and expenditure against budgetary plans, and evaluating capital investment projects will provide tremendous scope and will involve close liaison with senior management.

Initiative combined with excellent written and verbal communication skills will determine your contribution to the company's profitability and your own cateer progression. In either role you will be dealing with key areas of the

business, developing ways for increasing its scope and profitability. The successful applicants who will be aged 25-28, will be offered attractive salaries negotiable according to experience and your potential for senior management responsibility. Generous benefits packages and job cars accompany both roles.

Please write to Mrs. Diane Chidzey, Personnel Department, Coursge Limited, 32 Southwark Bridge Road, London SEI 9HS.

COURAGE LIMITED

Play a central role in **Financial Management**

c£20,000

Add a new dimension to your experience by taking up this high profile role in Financial Management within the Burmah Group which is ready to embark on an exciting phase of expansion.

Burmah

Having carried out significant reorganisation over recent months and having completed a successful rights issue earlier this year, this internationally operating group has considerable funds available for investment and must be regarded as having good growth potential.

As Group Management Accountant you will collate the reports from the several operating Divisions into a single set of Group Accounts. Equally important will be your creative

and objective analysis of Divisional results in order to assist in the preparation of constructive, well reasoned and thoughtful interpretation and comment for the Main Board.

Qualified and with several years' experience, you have a flair for analysis and interpretation of accounts.

Future prospects are good and working conditions are excellent. Based in Swindon, you will be able to appreciate the benefits of living in this delightful part of the country. An attractive salary and a comprehensive range of benefits including relocation assistance is available. In complete confidence, please ring or write to John Diack,

Director, at-

The secret is to take people into account

Financial Controller

Our client is a world leader in advanced electronic implementation and development ideally gained

Involvement At The Highest Level

 $c. \pounds 24,000 + Car$

and experienced management. Reporting directly

contribution. Here, your proven business acumen

and entrepreneurial flair will influence executive

to the General Manager, this is where you, as a

professionally qualified member of the senior

management team, must make a major

Your experience will cover systems design,

communications.

decision making.

British Airways became the world's favourite by putting people first, and that includes our staff. So now that we're looking for an Accounting Manager for our Pension Scheme – at £2.2 billion, one of the country's leading . schemes - we're naturally looking for someone with the

presence and personality to take people into account as well as figures.

Someone who can combine man-management abilities with Accounting expertise, and provide incentives for continuous high performance. Naturally you'll need a general and investment

accounting background and proficiency at producing annual reports and accounts, with a working knowledge of overseas tax and VAT.

But above all, we're interested in how you'll handle responsibility for your team of 14 people who are used to operating in a fast-moving, stimulating and boredom-free

East Midlands

within a couple of years.

to result in a successful USM floatation

assume total responsibility for the finance,

data processing and company secretarial function. Specific duties will include

financial and strategic planning, business

development, liaison with the City and

reparation for the floatation.

For further details please contact:

Equity & Law House, 33/39 Grey Street, Newcestle NE1 6EE.

ì,

Telephone: 091 232 4111

Candidates, aged 30-40, should

Working closely with the Managing Director the successful applicant will

environment. If your people management skills can cope with keeping the team informed and enthusiastic, that's

precisely what we'd like to hear. Ideally you'll be an FCA with a degree, with a background in a large financial institution, but the letters after your name are less important than your broad experience and flexible response to the changing demands

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Finance Director



SECTION II – COMPANIES AND MARKETS FINANCIAL TIMES

Thursday October 23 1986



Offshore order lifts Swedyards turnover

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By Sera Webb in Stockholm

SWEDYARDS, the Swedish-stateowned shipbuilding and engineer-ing group, reported profits (before allocations and taxes) of SKr 69m (\$10.1m) in the first eight months against SKr 30m in the correspond-

ing period last year. Invoiced sales rose 41 per cent to SKr 5.947bn, helped chiefly by a large order placed with the Goeta-verken Arendal offshore yard by North Sea Sun Oil for a semi-subersible platform.

However, the group has not given a forecast for the whole year be-cause it is still uncertain about the consequences of its involvement in Consate, the Swedish offshore ser-vices group which went bankropt a year ago.

Last year, group operating in-come after financial items was SKr 41m, but because of extraordinary costs connected with the closure of the merchant shipbuilding opera-tions at Kockums, the group report-ed losses of SKr 519m before capital FAIRCHILD Industries, the US aerospace group which was hit by heavy losses on a joint project with Saab of Sweden last year, returned contributions, allocations and taxes Invoiced sales amounted to SKr 6.985bn in 1985. to profit in the third quarter of \$7.67m against a loss of \$77.58m in

The newlyformed Kockums Marine Company is involved in under-water technology and engineering projects and will develop the new generation of submarines for the Swedish navy.

nary credit this year of \$2.9m for tax-loss carryforwards, and were achieved on sales of \$236.3m against \$220m in 1985. Per share Goetaverken Arendal, the off-shore yard, and Citgo, which specia-lises in marine and industrial mainearnings amounted to 32 cents compared to a loss of \$5.89. tenance, both showed poor results because of difficulties in the offnet income was \$18.7m, or 67 cents it added, the impact of any losses shore and ship-repair sector, in 1985, or \$13.25 a share. Sales in related assets,

Skandia sees 165% rise at year-end

By Sara Webb in Stockholm SKANDIA, the Swedish insurance CHRISTIANIA BANK, Norway's 337m or 30.4 per cent more than a

roup, expects operating profits for "Te year to reach SKr 350m (551m), in increase of 165 per cent on the 1985 figure of SKr 132m. 11. 0

The main reason behind the in-crease is a reduced loss on the group's insurance business. The loss for 1986 is forecast at SKr

profits for the first eight months of 1966. The pre-tax profits were NKr 594m (\$124m) compared with NKr terest rates in the money markets 594m a year earlier. rose in connection with the devalua-250m, compared with Skr 670m last

Johnson & Johnson up strongly despite charges BY DAVID BLACKWELL IN NEW YORK

JOHNSON & Johnson, the leading withdraw from making and distri-US maker of health-care products, has announced a strong third-quar-The last decision followed the poi-68 cents a share, against \$46m, or 58 soning of some Tylenol painkiller ter advance in profits and revenues. capsules, the group's most popular and profitable product, which is be-ing marketed in alternative forms. Net income for the quarter advanced to \$179.7m, or \$1.01 a share, from \$158m, or 87 cents a share. Sales rose to \$1.78bn from \$1.6bn.

the net figure was well down at on revenues of \$5.26bn, up from last \$233m, or \$1.30 a share, from \$486m time's \$4.76bn. At the operating level, group prof-

The group said that changing ex-change rates had lifted sales for the or \$2.66 previously. This reflected one-off charges totalling \$335m to cover the write-down and sale of nine months 5.2 per cent. Technicare, its medical imaging Colgate-Palmolive, the second

the nine months rose to \$700.5m

Results for the third quarter benefitted from higher profits in the group's aerospace products divi-

sion, and in the company's telecom-munications subsidiary, Mr James

Wilson, chief financial officer, said.

The company warned that it might have to take additional losses on its T-48A trainer aircraft project,

which is running out of federal

funding and has no certainty of fu-

ture backing from the authorities. If

the programme were discontinued.

gian credit markets had been "un-restful" in the last few months. In-

tion of the Norwegian krone in May

Other activities, however, did not

and partly-owned companies in

Technicare, its medical imaging business, the consolidation of some business, the consolidation of some largest maker of detargents, tole-businesses, and the decision to tries and other household products

from \$584.2m.

Fairchild Industries

a share, against a deficit of \$170.9m could be minimised by the sale of

Christiania Bank hopes

second largest banking group: ne year earlier. ported a 52.2 per cent rise in pre-tax The group said that the Norwe

cial banks.

to see further growth

returns to profit

BY OUR NEW YORK STAFF

the same period of 1985. The results included an extraordi-

In the first nine months this year,

BY OUR OSLO CORRESPONDENT

cents last time.

At the nine-month level the group, earned \$147.5m, or \$2.09 a share, against \$142.9m, or \$1.75. Sales were also ahead, rising to \$1.28bn from \$1.14bn in the quarter, and to \$3.74bn from \$3.37bn in the

nine months. Mr Rueben Mark, chairman, said the third-quarter increase was achieved in spite of the costs of introducing to the US an automatic dishwasher detergent and a tartar-control toothpaste.

Recoverv

continues

By William Hall In New York

FINANCIAL Corporation of Ameri

The quarter compares with \$12.3m for the same period a year

ago when the company set aside a \$25.6m loan-loss provision. For the first nine months of 1986

FCA has earned \$72.2m or \$1.69 a

share compared with a loss of

\$43.7m or \$1.56 a share, in the same period last year. FCA shares, which have traded between \$174 and \$6

roughly equivalent to a bank's non-performing loans, fell from \$1.83bn at the end of June to \$1.77bn or 5.2

per cent of total regulatory assets,

at the end of September. However, Mr Popejoy warned

that due to possible problems with

some large groups of loans made to

major borrowers, it was possible

at FCA

sions to \$76.2m.

in first quarter By Terry Dodsworth in New York

Setback

for Wang

WANG LABORATORIES, the

struggling Massachusetts-based office equipment manufacturer, suffered a further setback in the first quarter of its current fiscal year when it lost \$30m against

certaings of \$7m in the same pe-riod last year. The loss, equivalent to 19 cents a share against a 5 cents profit in last year's quarter, was incurred on sales of \$597.9m compared to sales of \$560.9m in 1985.

Wang blamed the loss on sing-gishness in the US economy, which caused flat revenues and continued to depress perfor-

It said the lower-than-expected revenues were particularly felt in high-end systems, making a disproportionate impact on op-crating results because of the higher gross profit margin on these products.

The con many was also continuing to be faced with heavy ca (FCA), parent of the West Coast costs associated with its investsavings bank group which almost failed in 1984, is continuing its fiment in new communications and service businesses. These nancial recovery and earned \$11.6m costs depressed operating results by \$11m, the company said. Dr An Wang, chairman, sounded an optimistic note on in the third quarter after a three-fold increase in its loan-loss provi-

the fature of the group desp the losses in the quarter. In his statement, he pointed to contin-ned growth in international mar-

period of \$701m. He also stressed that the

over the past year, slipped \$% to \$7% in early trading yesterday. 57% in early tracing yesterday. Mr William Popejoy, who was brought in as FCA's chief executive by US savings bank regulators said the company's future looked posi-tive. "Although we still have certain problems, I believe they are ma-nageable," he said. The group's scheduled items, workby conjugated to a bank's nonabout \$5m.

Salomon Inc boosted by securities business

BY RODERICK ORAM IN NEW YORK

SALOMON Inc and Morgan Stanley, two leading Wall Street firms, have reported higher third-quarter earnings from securities business \$21m of the company's debentures although Salomon's overall result and a gain in the nine months of was dragged down by its Philipp 1985 of \$11m from the disposal of a Brothers commodity operations.

Salomon's net income for the three months ended September 30 eased to \$128m, or 85 cents a share, from 139m, or 94 cents a year earli-er. Revenues fell to \$5.05bn from \$6.99bn. Year-to-date net income was \$435m, or \$2.79 a share on \$16.99bn against \$425m or \$2.75 on \$19.3bn a year earlier.

\$15.74hn a year earlier. Pre-tax income in the latest quar-Inc's chairman, said: "Overall prof-its were constrained by lacklustre ter for Salomon Brothers, the secu-rities arm, rose to \$225m from \$191m a year earlier on revenues of results from the commodity opera-\$1.5bn against \$1.35bn, and to \$661m year-to-date from \$573m, on tions." This was despite the operations of Phibro Energy Cape return-ing to a \$3m profit from a \$8m loss revenues of \$4.73 against \$3.5bn.

Ashland Oil climbs

The results included a S3m in the second quarter. Year-on-year charge in the latest quarter from the repurchase of an additional

(Phibro) commodity operations re-

ported pre-tax income of \$38m in

against \$5.63bn. Year-to-date pre-

tax was \$169m on revenues of \$12.26bn, down from \$258m on

Mr John Gutfreund, Salomon

however, all Phibro operations were down

Morgan Stanley reported third-quarter net income of \$39.53m, or \$1.57 a share, compared with marketable security. In contrast, the Philipp Brothers \$25.8m, or \$1.30 a year earlier.

Revenues rose to \$554.28m from S401.58m, for the nine months end-ed September, net income doubled to \$143.04m or \$6.11 a share, from \$72.22m, or \$3.63, a year earlier on revenues of \$1.83bn against \$1.25bn. the third quarter against \$83m a year earlier on revenues of \$3.55bn In the light of volatility and high

volume in securities and foreign ex-change markets in the third quarter, the company expressed satis-faction with its performance.

Investment banking performance was also strong, particularly in the field of corporate restructuring, it added

Weyerhaeuser boosted by lumber sales

By Our New York Staff

WEYERHAEUSER, the US forest products group, reported a 61 per cent rise in third-quarter net profits on the back of strong lumber and plywood markets and continued improvement in pulp and container-board markets.

The group said its newsprint, property and financial services sectors also boosted earnings, which reached \$62.2m, or 44 cents a share, against \$38.6m, or 24 cents a share. Sales for the quarter rose to \$1.48bn from \$1.29bn in spite of what the group called the "substantial" impact of strikes. Most of its Western US plants were closed for 40 days in the quarter, and Canadian operations have been idle since July 22.

September 19, 1986

kets, particularly Europe, and a firming of demand in September which produced e record for new orders received in a three-month

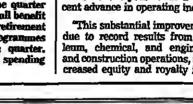
group's expenses in the quarter did not yet reflect the full benefit of the voluntary early retirement

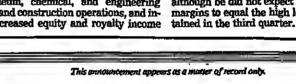
and separation programmes completed during the quarter. This reduced monthly spending

executive, said the group had had an "excellent year" with a 34 per cent advance in operating income. This substantial improvement is due to record results from petro-leum, chemical, and engineering and construction operations, and in-

tions. Mr John Hall, chairman and chief

total of \$11m. Mr Hall was optimistic for 1967, although be did not expect refinery margins to equal the high levels at-



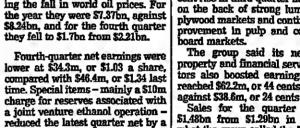


New Issue in Japan

BY OUR NEW YORK STAFF ASHLAND OIL, the biggest inde-pendent refiner in the US, has posted its best year-end result since 1979, with net income for fiscal 1986 at \$208.6m, or \$6.15 a share, compared to \$148.7m, or \$4.12 a year ago. The figures featured substan-tial gains from the sale of opera-

from Arch Mineral," he said. Sales declined, however, reflecting the fall in world oil prices. For the year they were \$7.37bn, against \$8.24bn, and for the fourth quarter they fell to \$1.7bn from \$2.21bn.

to \$208m for year



expected to reach SKr 8.7bn against SKr 8.67 bn last year.

The group has had to make a large provision because of a recent court case in the UK, although it is appealing against the decision. Skandia reports a better outlook

business, with a noticeable improvement in the US. International life insurance is

showing a strong growth in prem-iums, chiefly in the British subsid-iary - Skandia Life.

Lower interest rates on the international capital markets, increased returns on bonds and better performance in several stockmarkets have also helped the group's restite.

Postipankki in bank purchase By Oili Virtanen in Heisinki

POSTIPANKKI, Finland's post office bank, has bought the Mortgage Bank of Finland, which used to be the foreign borrowing arm of the Bank of Finland. The sale price has

not been disclosed. The Mortgage Bank has raised lo-cal and foreign currency loans, initially for the government but in recent years for industry, mainly for environmental protection and energy-saving investments. The bank's lance sheet at the end of last year stood at FM 2.9bn (\$596m).

Total assets by the end of August were NKr 94.4bn which is NKr Total income from premiums is 32.6bn or 52.6 per cent more than a and for credit. year earlier.

The group expects continued growth throughout 1986 and expects profits to keep pace. Profits per share for the year as a whole will be close to NKr 70 according to Christiania's own estimates. The for the international insurance shares were traded at NKr 203 at the Oslo Stock Exchange yesterday.

Christiania's managing director Mr Tor Moursund, said yesterday

mir for morrsuna, said yesterday that cost control and strong growth in business volume lies behind the strong eight-month figures. Unlike its Norwegian competi-tors, the group will net suffer losses of great significance on bad loans

Norway, subsidiaries in Loxem-bourg, Stockholm, London and New York, and a branch bank in Singathis year. Estimated total losses on credit for 1986 will amount to NKr 250m or 0.5 per cent of total assets. The group has announced plan to reorganise its international sub-sidiaries into branch banks in order

Net interest income and commis-sions for the first eight months this to carry more weight in the internayear were NKr 1.4hn which is NKr tional banking market.

CIC expects slowdown

BY DAVID HOUSEGO IN PARIS

CREDIT INDUSTRIEL et Commer- 1985 to FFr 952m for the same pericial (CIC), the fourth largest French od this year. The increase was desbanking group, yesterday reported pite a 70 per cent rise in pre-tax consoli-dated profits for the first half but 768m. does not expect to maintain the

same momentum throughout the Pre-tax earnings for the group which includes some 30 Paris-based

pite a sharp rise in provisions which rose from FFr 385m to FFr Mr Jean Dromer, who took over the group as president in July, attri-buted the provisions rise to more prudent accounting practice and to taking advantage of French tax re-

and regional institutions rose from gulations to stren. FFr 560m (\$86m) in the first half of capital resources. gulations to strengthen the group's

keep interest rates high to reduce could increase in the final quarter Mr Popejoy said most of these pos-What is referred to as other insible problem loans originated be-fore 1985. He added that since 1984 come amounted to NKr 887m which is 31.8 per cent more than a year

the overall quality of new loans had considerably increased. earlier. A large part of this is profits on currency trade, which has come to be an important source of income for the major Norwegian commer-German deal

for Cap Gemini

grow at the same pace as before, the bank said. The Christiania group consists of By Our Paris Correspondent Christiania Bank with subsidiaries

CAP GEMINI Sogeti, France's leading computer services company, yesterday strengthened its position in West Germany with the purchase of a German industrial data-pro-

cessing group. Cap Gemini said the acquisition of Ibat, based in Essen and specialising in process control and robotics, amounted to a doubling of its West German operations. The group will now have a turnover in West Germany of DM 50m (\$25m) a year and employ 250 engineers and

The Cap Gemini move follows a fresh fund-raising move by the group in which it is seeking a fur-ther FFr 489m (\$75.2m) through a share issue. Last June the group raised FFr 587m through an issa of bonds with warrants.

The group said yesterday that the new acquisition and the fund-raising were in line with its strategy of re-inforcing its position within Europe wherever it deemed its market share insufficient.

Comsat alters focus following merger

BY WILLIAM DULLFORCE IN GENEVA

COMMUNICATIONS for the US Government and on pri-vate satellite systems for US business following its merger with the US telephone company, Contel. Mr Irving Goldstein, chairman and chief executive officer, said. Comsat, the higgest private satel-

due to a \$120m write down on two months. direct-broadcast satellites, for Contel which it had not found customers. It

میں متابہ و at least half of all telephone calls between the US and the remainder of the world, but it has burnt its

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(Consat) intends to refocus its ef-provide it with the financial and from a special meeting of share-forts on military and civilian work marketing strength to exploit its holders towards the end of January technical advantages. Mr Goldstein was in Geneva for quires the approval of the Federal of a new satellite-tracking techthe listing of Comsat stock on the Communications Commission and

three Swiss stock exchanges, Zu-rich, Geneva and Basle. It is the Under its terms Mr Charles company's first listing outside the stetter, Contel's chairman, will be make new ones more cost-competi-US but Comsat may seek a London come chairman of Comsat, and Mr tive with fibre-optic cables. lite enterprise in the US, recorded a listing once the merger with Contai John Lemasters, Contel's president net loss of \$41.5m last year, mainly has been completed in six to eight and chief executive, will serve Com-

sat in the same capacity. Contel, which operates local telephone companies in 30 US states, has been growing annually by 5 per man with responsibility for Com- search and Technology subsidiary nas just reported net earnings of \$37.8m on a \$349.8m turnover for the first nine months of 1988. Comsat has a 25 per cent stake in Intelsat, the network which carries at last d all talephane cells will obtain 0.94 of a Comsat common share for each of their Contel non-regulated business.

shares. The annual dividend pay- Deregulation of US telecommuniingers in various attempts to diver-sify. Recently it has been disinvesting from unprofitable businesses. The annual onvinced pay-bereguation of US rescommuni-accounting and forecasting system that been put in place internally and market up at the cations by the Reagan Administra-has been put in place internally and from the constant of the cations of the introduction of fibre-from unprofitable businesses. The constant will seek authorisation satellites as a means of communica-tern,

Satellite tie-up with Contel is intended to for the issue of 72m new shares tion have both provided tough competition for Comsat.

> Earlier this month, however, nique that will cut fuel consumption, lengthen the life of existing, al-Under its terms Mr Charles Wohl- ready depreciated satellites and

A financial restructuring of the company is already well advanced according to Mr Goldstein. Comsat Mr Goldstein will be vice chair- has sold its Environmental Re-

tain his title and concentrate on as out of direct-broadcast systems.

A tighter, more specific financial accounting and forecasting system

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13

EUROPEAN

BUSINESS

FORUM

Italy and the

International Economy

ROME,

10 & 11 November 1986

Weekly net asset value

Tokyo Pacific Holdings (Seaboard) N.V.

Listed on the Amsterdam Stock Exchange

Information: Pierson, Heiching & Pierson N.V., Herengracht 214, 1016 BS Amste

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BOND GUID Redemption Yield

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US Dollar Australian Dollar Canadian Dollar

Yen Sterling Deutschemark Bank J

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US\$250,000 Note.

Agent Ban

Charlered Ner

teemable at the option of the cholders in 1996 and 2006

on 20th Oct., 1986 U.S. \$126,44

-0.328

0.357 --0.624 --0.343

2.033

0.5%

OCTOBER 17 1996 Change 12 Months 12 Months on Week High Low

10.730 14.630 11.750 6.314 9.524 7.250 11.932 7.210

0.467 7.210 Teles: 812744 JVZ CH

IRELAND

U.S.\$100,000,000

Floating Rate Notes due October, 1988

In accordance with the pro-visions of the Notes, notice is hereby given that the Rate of Interest for the next Interest Period has been fixed at 64

Period has been fixed at err per cent per annum. The Coupon Amounts will be US\$159.57 for the US\$5,000 denomination and US\$7,978.30 for the US\$250,000 denomina-tion and will be payable on 24 April, 1987, against surrender of Coupon No. 11. Manufactuors Manuser Limited

Manufacturors Hanover Limited

Agent Bank

8.738 12.830 10.373 5.804 8.164

6.207 9.751 6.318

CITICIAL CARRIER ATTAL TWO YEARS of turmell at Carling O'Keefe, the Canadian brewing, energy and sports

promotion group controlled by Rothmans of Pall Mall, have calminated in the abrupt resignation of Mr Roderick Mcinnes, the chair-man, president and chief

executive. Cariting declined to give any reasons for the departure of Mr Mclinnes, who joined the company 10 years ago as

the company 10 years ago as head of its brewing opera-tions. No replacement has been named, but Mr Piegre des Marais, chief executive of Canadair the Montreal-based acrospace group, becomes non-executive chair-man. Mr des Marais has been on Carling's board since 1983.

Rothmans has taken an increasingly active part in Carling's management in the past year in an effort to put the company on a more even keel following a number of

Carling was riding high in 1984 after a highly successful launch of Miller High Life beer in Canada. But its share of the C\$4.5bn (US\$3.45bn) Canadian beer market has shrank from 30 per cent to 23 per cent in less than three mark due merity to the lots

years, due partly to its late move in packaging its other trands into long-neck bottles with twist-off caps. The company wrote off C\$20.6m in obsolets bottles last year. ing. In addition, Canadian drinkers have given a inke-warm response to the well-known Australian brand, Foster's layer, introduced by Carling earlier this year.

The company sold its Ontario winery, Jordan and Ste-Michelle Cellars, last June, taking a loss of C\$7.8m on the transaction. According to local revorts, some of its other non-brewing assets, including a Calgary oil company and the Toronto Argonants football team, are also up for sale.

However, 75 per cent of these

-charging system. As a result, many stores, in-cluding large retailers and chain stores, which originally chain stores, which originally accepted terminals as part of a free trial period offered by the banks, have since had them removed. Although the trial period ended in September last

year, the banks are still pro-viding terminals and lines free of charge, except to e few custo-mers which have built up a high volume of transactions.

weicomed Eropes as a means or reducing robberies, the number of which have declined dramatically now the service stations no longer carry large quantities of cash. The Betailers Federation

The Retailers Federation terminals-mostly for service wants a lower cost structure stations - which will be for transactions, a long-term installed at the rate of 100 a for transactions, a long-term installe agreement to hold down trans- month.

Japan's department stores

tronic transfers system come commonplace for shoppers, charges could be increa

"It is like heroin addiction. "It is like heroin addiction. The first fix might be free but once you're hooked the price could go up," says Mr Richard Hall, the federation's legal adviser.

of charge, except to e few custo-mers which have built up a high volume of transactions. The service stations are owned by the major oil com-panies which enthusiastically welcomed Effpos as a means of reducing robberies, the number tion—on the failure by the Post Office to provide adequate leased lines. It claims to have advance orders for another 700

NZ retailers pull plug on Eftpos LAST YEAR New Zealand action and maintenance costs, During the trial period, which card transactions. The Governbecame the first country in the and a clearer understanding was extended from six months world in which all commercial and agreement on who is to nine months, the system was banks combined to offer a responsible for frandulent use, installed and operated by a joint national network for an elec- or mis-use, of cards or the banking Effpos team. After that tronic funds transfer point of Effpos system. sale (Effpos) system. It now Refailers are concerned that to devise its own method of has about 800 terminals in out- once the system has been charging, and to do its own pro-lets throughout the country. generally accepted and has be- motion to its own customers. suffered through malfunction of

electronic equipment. The Government says the banks or other issuing organisations should be responsible when a are in petrol service stations because members of the Retailers Federation and the four trading banks cannot agree on a final—and long-term tronic transfers system loss is not the cardholder's fault. The trading banks have now accepted this in principle.

When a card is frankulently used, but there has been no negligence on the part of the cardholder, the Government says The average Eftpos trans-ection is NZ\$20 (US\$10), and the unit cost, including the bank's rental charge, is 13.6 cents on average. The total liability should be limited to NZ\$50. The banks want this lifted to NZ250. gence contributes to its fraudu-lent use, the Government suggested a NZ250 Hability. The

The Retailers Federation agrees with the Bankers' Asso-ciation that Eftpos will steadily develop in New Zealand none the less. New Zealanders have readily accepted the use of plas-tic cards — reflected in a high tmrnover and use of automatic tellsr machines end credit cards.

the Government are at odds over of New Zealand has been the a proposed code of practice to first to accept some of the cover Eftpos and other plastic Government's recommendations.

Japanese mergers ment has recently caught banks growing by surprise by announcing a draft code. This provided cus-tomers with much greater pro-tection than currently exists. says study At present a cardholder is re-By Ian Rodger in Tokyo spousible for any financial losses

THE CLIMATE for mergers and acquisitions in Japan bas im-proved significantly in the past few years, providing foreign companies with new opportunities for penetrating the Japanese merket, according to a study by Paribas Tokyo.

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The study says the number of mergers within Jepan has reached an everage of 1,000 deals a year. The number of foreign takeovers has also been rising. According to one com-pilation, there were 15 acguisitione in Jepan by foreign companies in the 1981-84 period compared with only five in 1978-80.

banks want negligent card-holders to be liable for the en-Parihas, a subsidiary of the French banking group, says that the social stigma attached to selling out is gradually fading holders to be liable for the en-tire loss. They says without such a penalty, cardholders will not take reasonable precautions. The Government also wants the practice of issuing unsoli-cited cards through the mail stopped. The banks want to continue, but have agreed to trather non their security proeway, particularly in industries which are squeezed by flat de-

mand and excess capacity, such as pharmaceuticals "Until recetnly, acquisitions in Japan were contemplated in cases of rescue emergency only. However, a new attitude toward However, a new attitude toward mergers and acquisitions is now to be seen: an increasing num-ber of companies have indeed already sought external solu-tions for their international or even domestic development." The study says other changes in corporate behavior are con-tributing to the better climate

tributing to the better climate. tributing to the better climate. Large groups are beginning to dispose of subsidiaries because of changes in management strategy. For example, Toshiba has sold six subsidiaries, includ-ing Toshiba Chemical, some of which were profitable. Morevover, small quoted com-paries are becoming accustomed

panies are becoming accustomed to takeover aproaches by com-panies seeking a listing without having to through the stock exchange's complex application

The study warns that making an acquisition in Japan remains delicate and timelack of interconnection and transfers of shares take a long consuming. Also, the price of a Japanese acquisition almost time to be recorded. Computer-isation of transactions should always seems "desperately high." However, it argues that the benefits of obtaining an existing workforce and access be given priority in a revamp-

boost profits and sales BY YOKO SHIBATA IN TOKYO JAPAN'S five leading depart-ment store groups improved sales and profits across the board in the first half to August, Y2.54bn (\$16.38m) with net pro-fits of Y1.14bn, up 64.9 per cent. Turnover at Y288.46bn, was 5 per cent ahead. Takashimaya scored record pre-tax profits of ¥5.82bn, up 23.7 per cent, and net profits of backed by firm consumer spend-

Y2.84bn, up 54.5 per cent. Turn-over was Y251.31bn, up 5 per cent from a year ago. At Daimaris, pre-tax profits jumped 62.4 per cent to ¥1.44bn, with net profits of Y970m, up 39.4 per cant, on turnover of Y241.07bn, up 0.9 per cent from a year earlier.

Matsuzakaya had pre-tax pro-fits ahead by 2.9 per cent to a peak Y3.49bn, with net profits of Y1.67bn, up 24.4 per cent, on turnover of Y180.47bn, up

Sogo reported an 8.2 per cent sain in pre-tax profits to Y3.05bn. Net profits of Y1.45bn were up 5.8 per cent on turn-over of Y112.71bn, a rise of

profits surged by 28.6 per cent to 6.4 per cent.

cents on average. The total value of Eftpos transactions since the system was introduced is just over NZ\$10m, a rather start than was originally thought.

continue, but have agreed to tighten up their security pro-cedures. The state-owned Bank of New Zealand has been the first to accept some of the The Bankers' Association and

World Bank affiliate to lift investment in India

BY P. C. MAHANTI IN CALCUTTA

in some 40 projects, half has been sanctioned during the past five years. IFC has acquired an equity state in the THE International Finance Corporation (IFC), the World Bank affiliate for promoting private sector growth in deve-loping countries, plans substanacquired an equity stake in the Export Import Bank of India as part of its effort to strengthen the domestic capital market. Direct private foreign invest-ment will be attracted the more if India also permits foreign companies to buy and sell shares traded on the Indian stock exchanges, it argues. Sir William said India'e 15 stock exchanges suffer from a lack of interconnection and fights to increase its involve-ment in India, which has been liberalizing its economic and investment policies.

Sir William Pyrie, IFC vicepresident, told the Bangal Chamber of Commerce and Industry the corporation plans to invest \$100m in India annually over the next five years, in pro-jects sponsored by large and small companies. This would include an equity role.

include an equity role: Sir William, who is leading a team to explore investment opportunities in India, said the country now ranks as priority number one in the corporation's strategy to belp private emter-prise in the Third World. The IFC has been investing in India since 1959. Of the \$350m that has been advanced as long-term down and emity Sir William, who is leading be given priority in a revamp-a team to explore investment ing programme. opportunities in India, said the ing programme. country now ranks as priority ced in Washington that it would number one in the corporation's provide \$10m for the expansion strategy to belp private enter-prise in the Third World. The IFC has been investing vortice for mith the rest in loans. \$350m that has been advanced great Eastern plans to add to as long-term Joans and equity its fleet of bulk cargo vessels.

The five-Mitsakoshi, Taka-The five-Mitsakoshi, Taka-shimaya, Daimaru, Matsuzakaya and Sogo-were assisted by measures such as reduction of borrowings, tightening of inven-tory control by the use of point-of-sales (POS) on-line networks, and strengthening of the credit card marketing system. In particular, Takashimaya and Matsuzakaya registered alltime record pre-tax profits, while Mitsukoshi reported record half-year sales. 76.2 per cent from a year 3.4 per cent. estiler, and a reduction of Sogo reporte borrowings belped Daimaru to gain in pre-ent interest percent. Mitsakoshi cut its borrowings

Carling carned net income of C\$5.6m (before extra-ordinary items) in the three months to June 30, from sales cut interest payments by 22 per cent. Mitsukoshi's half-year pre-tax of CS249mL

POSITIVE MOVES FROM HAWKER SIDDELEY

September 1986 This announcement appears as e matter of record only

HAWKER SIDDELEY GROUP

Public Limited Company

US\$225.000.000

Revolving Credit Term Facility

FINANCIAL HIGHLIGHTS FOR THE SIX MONTHS TO 30 JUNE 1986

	1986	1985
Sales	£769m	£777m
Profit Before Tax	£72.1m	£71.5m
Earnings Per Share	20.9p	20·4p
Dividends Per Share	5.0p	4·5p

STRATEGIC ACQUISITIONS IN 1986

During 1986 Hawker Siddeley has made acquisitions totalling over £110 million, mainly in the USA, in line with the Group's long term strategic development in leading edge technologies:

DAYTRONIC CORPORATION

Leaders in 'intelligent' computer-based instrumentation for the aerospace, defence, automotive and utility industries.

POWER CONVERSION INC.

Pioneers in lithium batteries, the world's fastest growing battery technology, for defence and commercial applications,

ELECTRO CORPORATION

Extends the Group into new markets in the USA through a range of sensing equipment for military and aerospace markets.

SAFETRAN SYSTEMS CORPORATION

Heralds the Group's entry into the USA's main line railway and mass transit telecommunications and signalling markets.

RELIANCE FUSE

The Group's most recent acquisition in the USA, Reliance Fuse, manufactures a full range of American low voltage industrial and semi conductor fuses.

CABLES & PLASTICS LTD,

Cables & Plastics, a specialist UK manufacturer of electrical cable, which complements the Group's other cable interests.

HAWKER SIDDELEY

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September 1986 ent appears as a matter of record only

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HAWKER SIDDELEY CAPITAL CORPORATION B.V.

US\$225,000,000

EUROCOMMERCIAL PAPER PROGRAMME

Unconditionally guaranteed by HAWKER SIDDELEY GROUP **Public Limited Company**

> Bankers Trust International Limited Credit Suisse First Boston Limited S G Warburg & Co. Ltd. as Dealers

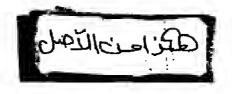
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Provided by: **Bankers Trust Company Barclays Bank PLC** Canadian Imperial Bank of Commerce **Credit Suisse** Deutsche Bank Aktiengesellschaft Midland Bank plc The Royal Bank of Canada Société Générale

Agent: Barclays Bank PLC

Westpac Banking Corporation



Financial Times Thursday October 23 1986

INTERNATIONAL CAPITAL MARKETS and COMPANIES

Two-tranche convertible deal for Bell Resources

BY CLARE PEARSON

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New Zealand withdraws Y40bn bond

A Y40BN bond for New Zealand, announced on Tuesday, has been withdrawn from the Eurobond market, lead-manager Daiwe Europe said lete yester-day afternoon, writes Clare

earlier. Dealers bad said that the terms of the five-year bond were aggressive. In grey mar-ket trading, the 54 per cent. bond, priced et 1014, was-trading yesterday et discounts well wido of the level of its 14 per cent total fees, at 984 on the bid side.

a de la compañía de la

ATTENTION in the Eurobond market focused yesterday on a five years at a price to give e \$350m equivalent two-tranche convertible deal for Bell convertible deal for Bell cent. The Swiss franc bond may be put after eight years at empire of Mr Robert & Court, the Australian businessman, Elsewbere, fixed-rate bonds traded nervously ahead of US third-quarter GNP data, but prices were mostly unchanged on the day at the close. May be put by investors after yield of between 8 and 84 per cent. The Swiss franc bond traded nervously ahead of US both bonds is Bell Resources with the parent's guarantee. Elsewhere in the market

third-quarter GNP data, but prices were mostly unchanged on the day at the close. Swiss Bank Corporation International led the \$200m 5‡ per cent part of Bell Resources tion the SFr 250m 2½ per cent toon the SFr 250m 2½ per cent too the Stores thares at e precised to be convertible into Bell Resources is arranging investor presentations to promote the deal in Switzerland, bat the initial reaction to the issue was mixed, and Credit tue delived to have declined participation. But the called after two years at 106 put per cent per annum. If

Credit Suisse led three private placements for Japanese borrowers. Hokurika Electric Power made e SFr 120m issue with a five-year maturity, 41 per cent coupon and 1001 per cent pricing,

Sunstar, a toothpaste mann facturer borrowing with Sanwa Bank's guarantee, is raising

Acquisitions limit rise in earnings at Procordia

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

PROCORDIA, the Swedish and it is possible that private stete-owned bolding company, institutions will be allowed to increased its operating profits invest in the group next year, by 37 per cent in the first eight as a preliminary step to a later months of the year to SKr 515mi introduction on the stock (\$75m) from SKr 376m e year exchange. Group turnover rose by 3

earlier. The group's finances have been stretched by a number of acquisitions, however, and after financial items profits rose by the US and the Pripps Brewery only 4 per cent to SKr 480m. The Swedish Government is producer. On a comparabla considaring ways of broaden-basis sales rose by just 6.5 per ing the ownership of Procordia cent.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate a condary market

Closing prices on October
 USS
 DBALLARY STRUMENTS
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 Bits
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 Any mark
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 Offer
 Any mark
 Yinki
 Offer
 Any mark
 Yinki
 Offer
 Any mark
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Sydney launches **US T-bond** futures

By Alexander Nicoli

THE SYDNEY Futures Ex-change today launches a futures contract based on US Treasury bonds which will be interchangeable with an identical contract traded on the London International Finan-Futures Exchange (Liffe).

The link is an important step in the development of round-the-clock trading in US Treasury bonds and related instruments, Sydney's aimand that of a contract launched in Singapore earlier this month — is to fill the gap in the time zones between the US and European trading

days. The new contract is there-fore targeted at traders in US Government securities who are active during the Asian day, particularly in Tokyo where there is a rapidly grow-ing method for them

ing market for them. Next Thursday, Sydney will launch three-month Eurodollar futures which will also be lar futures which will also be fungible with an identical con-tract on Liffe. Fungibility means that a position opened on one exchange may be closed later the same day on another, essentially incurring the trading costs involved in

the trading costs involved in using only one exchange. The link is the first with another exchange for both participants, though Sydney plans a gold futures link with the New York Commodities Exchange beginning in November and Liffe plans later to trade Japanese gov-ernment bond futures in con-

inction with the Chicago Board of Traie. It is unusual in that clear-ing for both new contracts will be done entirely through the International Commodi-ties Clearing Honse (ICCH) in London, even though ICCH also has an Australian operation.

Credito Italiano plans L562bn fundraising By Alan Friedman in Milan

CREDITO ITALIANO, Italy's fourth largest bank in terms of assets, yesterday unveiled plans to raise L562bu (\$410m)

plans to raise L562bn (\$410m) by means of a L300bn nominal increase in capital. The increase follows a similar move last month by the smaller Baney di Roma, which like Greatto Italiano is a state-controlled institution and part of the IRI state holding group and part or holding group. The Credito Italiano capital The credito Italiano capital

Coca-Cola's \$1.5bn offer could be going better, reports William Hall Wall St baulks at price of Coke

DIET COKE, Tab, Sprite, estimated price of between \$21 CCE should not be valued by the Caffeine-free Coke, Cherry and \$24 per share which they stock market's traditional Coke, Coca-Cola Classic, With are being asked to pay for criteria of earnings multiples the efficiency of a well-olied CCE's 71.4m share offering. and yield. Core-Cola the traditional complete the stock of the traditional complete the stock of the traditional complete the stock of the traditional complete the traditional complete the traditional complete the stock of the traditional complete the traditities the traditities the tradities the tradit

the efficiency of a well-oiled CCE's 71.4m share offering. CCE's arely broke even last company in tho world rolls out one successful product after another but Wall Street is about whether institutional money managers will develop a taste for Coca-Cola's letest offering — Coca-Cola Enter-prises. Will a staff of 21 000 a floet Veal.

With a staff of 21,000, a fleet year, At a price of \$22.50, CCE would be selling at a multiple of more than 100 times 1986 earnings and yielding a nominal 0.2 per cent. Coca-Cola itself of 13,300 delivery vehicles and annual sales of over \$3bn, Coca-Cola Enterprises (CCE) is the largest bottler of Coca-Cole soft drinks in the world and Cocais selling et 18 times earnings and yielding around 2.8 per cent, Over the last five years Cola is planning to sell a 51 per cent stake to the public for around \$1.5bn which would make it the biggest initial public offering in US history.

make it the biggest initial public offering in US history.			
CCE did not exist e year ago. In fact, two-thirds of the com- pany has been assembled over the last two months with the		A-COLA ENTER Net operating revenues Sm	
completion of the \$2.4bn acqui-	1983	1,953.1	277.2
itions of JTL Bottlers and	1984	2,367.0	338.8
Seatrice Bottlers, which Coca-	1985 First-half	2.922.4	379.4
to prevent them falling into the	1985	1.398.3	174.4
wrong hands.	1986	1.566.2	216.7
The reasons why Coca-Cola has created CCE are sound	* Before tion.	depreciation and	
and whether whether and souther		Source: Coce-Cole	Enterprises

Coce-Cola Enterpris enough. Americans drink 806 soft drinks a year, compared the compounded annual return

for investors in Coca-Cola stock (stock price appreciation plus dividends) has averaged 24 per cent, almost double the 13 per cent of the Standard & Poor's 500 index.

Inis sort of performance explains why Coca-Cola stock s trades at a premium to Wall 1 Street where shares are selling 1 at an average of 16 times earn-ings and yielding 3.5 per cent. However, it does not explain why CCE's proposed offer price is being pitched et such e heady level, Coca-Cola'r enter the long term. It remains to be seen whether Wall Street will be convinced by Coca-Cola's financial logic. It is clear that CCE is e very different company from Coca-cola. It is much more cepital-and labour-intensive, its returns s are far lower, and the company C will be far more aggressively n financed the trades of the second start to th Volume in the US soft drinks trades at a premium to Wall industry has been growing at a steady 4 per cent a year and the offer prospectus indicates ings and yielding 3.5 per cent. thet CCE's own volume growth has been running et 7 per cent why CCE's proposed offer price of the offer prospectus indicates ings and yielding 3.5 per cent. e year. CCE is e growth company but what is worrying some Coca-Cola's answer is that tive parent, institutional investors is the

epplying to value CCE. The key figure in the pros-pectus is CCE's operating cash flow, which consists of pre-interest operating post, depre-ciation and amortisation. CCE's pro forma financial statements show that its operating cash flow grew by 12 per cent to \$379.4m last yeer and in the first half of 1986 it grew by 24 per cent to \$216.7m.

per cent to \$216.7m. CCE's prospectus notes that "Management views the long-term generation of cash flow m operations as one of its mary performance objec-es" and it intends to "utilise es and it intends to titlise ancial leverage and cash flow nerated from operations to opport capital expenditures if possible future acquisitions bottling territories."

Coca-Cola's view is that CCE ould be valued on the basis its enormous cash flow and en seen in this light an offer price valuing the company at between nine and 10 times cash flow is nowhere near as greedy flow is nowhere near as greedy as the traditional stock market multiples suggest. The more enthusiastic analysts agree and argue that CCE should be valued more like a media com-pany where Wall Street bas become enamoured with the prospect of steadily rising cash flows over the long term.

prises.



19

Mr Brian G. Dyson, pres chief executive of Coca-Cola

Last year Coca-Cole earned the equivalent of 23.5 per cent of its shareholders funds and, with profits up by nearly a fifth in the first nine months of 1986, is expected to do even better is expected to do even better this year. By contrast, CCE's return on equity this year will ba of the order of 1½ per cent. "There is no question that the deal is somewhat pricey," said one leading Coca-Cola watcher on Wall Street yesterday," but over the longer term I think \$22,50 per share will be a very prophious price." He is pencilling in a long-term growth rate of 20 per cent a year for the company.

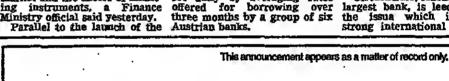
Overseas investors, who ere being asked to subscribe for 10.7m of the 71.4m CCE shares, and are more concerned with

such traditional benchmarks as yield and price remains earn-ings multiples, will probably have more difficulty in assessnave more dimentify in assess-ing the worth of Coca-Cola Enterprises. Even on Wall Street there is a feeling that Coco-Cola will be getting more out of the deal than first time investors in Coca-Cole Enter-

Austria to issue schilling floating-rate notes

BY PATRICK BLUM IN VIENNA THE AUSTRIAN Government Sch 1.5bn (\$107m) test issue, is expected to launch its first which is aimed primarily at ever schilling-denominated foreign investors, the euthori-fication note issue this ties will formally establish e

Supporters of these moves say group of about 15 international that they will provide the basis banks. Discussions shout confor the development of e new ditions for the issue were condumestic floeting-rate note mar-tinuing last night but officials ficating-rate note issue this week in e move aimed et broadening the Austrian cepital ing instruments, a Finance Ministry official said yesterday. Parallel to the launch of the



soft drinks a year, compared with an everage consumption of 118 a year in the rest of the world and Coca-Cola is anxious to maintain, and pos-sibly strengthen its 39 per cent share of the \$24bn a year US soft drinks market by taking tighter control of its more than 100 strong neutration in denorm 100-strong network of indepen-dent bottlers.

Cryott Lynnias 993. 200 Cryott Lynnias 993. 200 Denmark Klagdon 7, 895. 200 Denmark Klagdon 7, 95 200 Dentark Klagdon 7, 95 200 EC 84, 95 200 EC 84, 96 200 EC 84, 97 200 EC 84, 90 200 EC 94, 90 200 Eurofina 74, 91 200 Eurofina 74, 93 200 Ford Motor Cred, 107, 90 200 GMAC 104, 87 200 GMAC 104, 87 200 Marc 84, 93 200 Marc 84, 94 200 Marc 84, 94 200 Marot 11, 117th 18, 91 200	1947, 185, 97, 99, 97, 97,			Catal-Cala F. C. 17 90 HS 75 1285 2007; 8 492 24.54 Demonstr. 179, 29 NS	increase requires the approval of a sharebolders' meeting
Denmark Kingdom 82, 91 300 Deutschn Bank Fin, S 90 120	101/2 102 96% 96%	1		Copical gages City 9 95 both 48 777 186 -82 -14 180	called for December 5. The move comprises two parts. A
EEC 84 96	100, 100, 100, 100, 100, 100, 100, 100,	10	いい	Honda Mitr. WW 37, 90 Fl 200, 1101 110 8 -1 1.02	L75bu nominal scrip issue would provide three ordinary
EEC 95, 90 259	165, 165, 165, 165, 165, 165, 165, 165,	1.1	1. 7.2 1. 7.2 1. 1.5	Honda Mitr. XW 37, 90 FI 200 1135, 944, 0 +49, 536 Tartasan 74, 90 FI - 58, 1246, 2494, 8 +49, 537 Warnahare 72, 90 FI - 75, 1246, 2495, 8 -49, 644	or savings shares for every 20 already held. A L225bn rights
EIS 12 95	122 127 ² 190°, 100%	101 -	6 124 7.3		issue would effer nine new
Export Dev. Col. 10 90	100 100 ₂ 957 975			Anstralia Core. 11 925	ordinary shares for every 20 held.
Ford Mator Cred. 10-2 91 200 Ford Mator Cred. 12-1 90 200	107 110	-	24	6mm Chem. Int. 10035 300 1935 965 +64 +83 28.76	The rights issues shares will be priced at 1500 each
GMAC 104 89 200	1067, 1077, 1077, 1007, 1	0	7.14	invit, in justa int. 10 93 £ 60 925 955 954 +04 +05 11.70	nominal plus a L750 premium
Liberty Method 81-96	1084 1084	10	P. 1.7	NcDowelts 107, 905	per share. Credito Italiano, has a staff
LTCB of Japan \$91	103 1034	+04 +	7.4	NSW Treasury 105, 920	of 16,751 and 472 branches in
Mercits-Bonz Cred. 712 93 340 Nith Amer. Philips 893 390	10 Th	+	64 7.41 84 8.74	J. Salasbury 10% 958 60 964 974 8 11.52	Italy. It schieved a 47.5 per cent rise in pet profits for the
Pepeico Inc. 73, 93	94 95-2 100 100-2	- 0		World Bank 114, 950 200 2027 2027 404 41 20.74 CDE 87, 95 LFr	first half of this year, to 147.2bn.
Gastas Alexans 10% 95	1075 1182	+11			
Raiston Purios 114, 95	11123 1134	10	1. 1. E	PLOATING BATE	\$78m charge
Saskatchevan 101, 92	111 111-2	1	19355	Bank of Montresi 96	at Firestone
State Bk. S. Aust. 94 93 100 Stateli 10 93 270	103 1035		7.6	Bank of Montreal 98 0.05 200.01 106.11 22/2 5% Barctays Bank Perp. 1 04, 190.45 100.74 2/2 7.36 Barctays Bank Perp. 2 04, 190.35 100.48 100.59 Barctays Bank Perp. 2 04, 190.35 100.48 1048 5% Berlyturn, Kingdon of 91 0 200.47 108.59 23/2 8.56	
S. Wales Tray, 114, 90 250 Swed, Exp. Crist, 10 92 199	1975, 2099,		7.97 6. 7.85 7.85 7.87 7.87		FIRESTONE TIRE and Rubber, the second largest
Sweden 104 92	1107 1115	10		8HP 54 05 645 128147 281.97 1271 6.88 8rkinnin 5 95 5 64 17465 91.73 8718 18.19 Chune Mantantian Corps. 91 64 91.65 91.67 MB 6.12	US tyre maker, expects to show e loss in its fourth-
Section Kingdom 791	177- 175- 12825- 1835-	+		Cititorp 98	quarter, Reuter reports. This
Viciorian Rep. 115, 92 156 World Bank 81: 16	1234, 1234, 1984, 1	-0-	3333	EEC 392 DM 0 380.4 380.57 205 4.44 EEC 392 DM 0 380.45 380.55 205 4.44 EEC 392 DM 0.4502 91.67 93.57 397 7.66 Hallian Bidg. Soc. 94.6 0.1 91.57 97.45 66 30.54	will arise from making a \$2 a share provision, totalling
World Bank 9% 16	1100 - 1014				\$78m, to cover the cost of re- structuring its North
Yasuda Trust Fig. 812 93 198	20012 102			Lingus Sank Pern. 64, 268.64 108.76 97.2 75, Midgard Back 01.6	American tyre operations.
BELITSCHE MAEK		Challege		NatiWest Perp. A	The restructuring may in- volve closure or sale of one
Australian Class On Al. CO. 1980	136 3652	- 2		New Zealand 5 97 0	or more type plants and the company's withdrawal from
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Dow Chemical 55, 96	112 922	-	1223	United Kingdom 5 92	tyre market sectors which do not offer acceptable longer-
EIS 67 75	1904 1024	- 1	17.95	Westwick 5 95.6	term profit opportunities,
Ele 74, 94 300 Emhart Corps. 64, 95 125 Eurofima 54, 96 300	1992, 200		1 67	CONVENTINCE Can. Can. Che.	Firestone said. The group lost \$47m in tha
Eile 74, 94	1286, 185,			CONVEXTIBLE Cas. Cap. EXEMPS data price. Bid Offser day Prest Alignments 3.99 499 3800 205 237 -4% 2.28	final quarter of last year, ended October 31. This fol-
Hoesth Inti. Fig. 7 95 300	110, 101	1		Fature 31, 98	lowed a \$57m write-off from
Hydro Qoehec 6 16 250		-	贫法	Full Stant 29, 00	closing its Albany tyre plant and concentration of farm
freland 84, 92	Set Set			MANORA CAMPAR 24 44 DAN 2786 1185 7972 982 -02 31.89	tyre production at Des Moines.
1/5 Elsam 6/s 93	19712 98 129922 205	-14 -		Mitaubidhi Bank 27,00	The company is also dis-
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Sec. Cast. Hurbarie 0.91 188.	104. 104.	+8		Mitsui Bank 25 00	In addition the board has
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Vasible buice coulor	on day 0's			Santura Bank 24, 00	shares in issue from time to
SWISE FRANC STRAIGHTS bene	The other				time in the open market or privately.
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Challessin 54, 94		1		 No information mailable—previous day's price. † Only one market maker supplied a price. 	for Norcros
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ireianti 32, 94	1411 1411 14137, 141 14137, 141	- 1 - 1		price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week-Change over	By Our Euromankets Staff
Oberos, Kitark, 52,95	1203-2 104	-		price a week carlier.	NORCROS, the UK building
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Raiston Parint 51, 94 125 Settor Euro, 001	105, 185,		A 494		growing number of borrowers
US Steel 54, %	1997 1997 1997 1997			Convertible Bonde: Denominated in dollars unless otherwise	to arrange a sterling commer- cial paper programme.
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		Change		share expressed in corraccy of share at conversion rate fixed at inter, Press-Percentage premium of the current effective price	paper in sterling and dollars
Amer. Exp. 05 Cr. 5% 91 28 Deputation of the second	964 60km	2			as an alternative to existing financing sources. Citicorp
Dentsek 64, %	981, 994, 995, 1084, 981, 965, 983, 99	-			Investment Bank, County Nat-
E1864 %	27 Z		27 N.	in any forst ant correlated without without connect. Data supplied by	West Capital Markets and

gramme will ne commercial ng and dollars ve to existing rees. Citicorp k, County Nat-Markets and West Capital Markets and Morgan Grenfell have been appointed dealers.



SANYO SHINPAN FINANCE CO. LTD.

Fukuoka, Japan

YEN 6,500,000,000 **One Year Loan Facility**

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FennoScandia Ltd. Kredietbank International Group Republic National Bank of New York (Guernsey) Ltd. Union Bank of Norway

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Kredietbank S.A. Luxembourgoise **Republic National Bank of New York** (Guemsey) Ltd. Skopbank Swedbank Union Bank of Norway

Agent Bank

DnC **Den norske Creditbank PLC**

October 1986

INTL. COMPANIES AND MARKETS **Republic National Bank of New York** UAL lifted Banco Americano sets by Westin course for recovery September 30, offering 1985

BY TOM BURNS IN MADRIE

BY ROBERT GIBBENS IN MONTREAL

By Our New York Staff

UAL, the holding company for Unit-ed Airlines, Hertz and Westin Ho-BANCO Hispano Americano, Spain's third largest bank, yestertels and Resorts, disclosed net earnings and revenues strongly ahead in the third quarter. The bank's recovery was also un-Total income - which included a \$79.8m pre-tax gain from a public offering in the Westin hotels limited dinated loan. partnership - rose to \$109.8m, or \$243 a share, on revenues of \$2.54bn Last time the group earned \$22.2m, or 48 cents a share, on reve-nues of \$1.71bn.

Mr Richard Ferris, chairman and chief executive, said operations for all three subsidiaries had continued to improve in the quarter. He said "I am particularly pleased by the performance of the car rental busi-ness, as well as the results of car first hotel syndication.

"I expect to see all three subsidiaries continue their emphasis on im-Earnings in the quarter were af-fected by foreign exchange losses of

\$34.5m, mainly on yea-denominated debt. This compared with losses of \$17m in the 1985 period. DOMINION TEXTILE, Canada'a largest primary textile and fabrics group, continued its recovery in the first quarter ended September 30, The 1985 quarter would have been in the red but for gains of \$27.3m and \$23m from disposals. At the nine-month stage, net and expects "significantly better re-sults" for the full year. It is actively looking for a US acquisition. In the latest quarter-Domter earned CS3.31m (USS2.42m) or 11 earnings for the group were \$25.2m, or 57 cents a share, against a deficit of \$69.5m, or \$2.52 a share, previ-ously. Revenues rose to \$6.86bn cents a share on sales of C\$227m, against a loss of C\$6.8m on sales of from \$4.49bn. The airline reported record revenues of \$1.96bn in the quarter in spite of stiff price competition. Its operating earnings were \$145.9m, against \$18.2m last time.

Phelps Dodge moves ahead

BY OUR NEW YORK STAFF

PHELPS DODGE, the leading US operations from mining through to copper producer, has revealed a rod casting, earned \$11.1m from strong third-quarter advance with a \$13.5m last time, reflecting continustrong to \$19.4m, or 60 cents a share, from \$7.6m, or 16 cents a share, ing low copper prices. Mine production of copper was 98.600 tons in the quarter, up from However, the final figure was struck after a \$13m tax refund. It al-control to the final figure was struck after a \$13m tax refund. It al-1025.00 tons, against 98,960 in the struck after a \$13m tax refund. It al-so reflects the \$7m sale of a 49 per 1985 quarter. cent stake in a Turkish copper de-posit to Metallgesellschaft of West Germany, and a \$6.5m write-off for the closure of its Douglas, Arizona, copper smelter. copper smeller. The group's primary metal sector, consisting of its copper-producing against \$22.9m or 49 cents last time.

N. AMERICAN QUARTERLIES

			COMMONWALTH	DISON	
Tobacco, beverages,	food producte		Electric utility		
Third quester	1986	1965	Third quarter	1986	1985

1984 absorbed almost all Hispano 19.6bn in the first six months of last Americano's operating earnings. year.

day released encouraging results Last year Hispano Americano orait-for the first six months of this year, ted its dividend. Urquijo-Union was rescued by a derlined by the issue at the begin-ning of the week of a \$100m subor with the Bank of Spain and the Spanish private banks, and through The group's consolidated income a five-year exemption from the "co-before taxes for the half year to efficientes" system which forces June 30 was Pta 13 hn (\$96m), a 145 banks in Spain to place 45 per cent per cent increase the first half of 1985.

The bank said yesterday that all the companies in the Hispano Americano's industrial banking off-shoot, Banco Urquijo-Union, which lost Pta 2 bn last year and is expect-ed to show a profit of Pta 10bn this year. Problems at the subsidiary in

This year Hispano Americano will pay a dividend: again of Pta 25 per nominal share. The bank said that, based on the results, it would seek authorisation from the Bank of Spain for an interim payout before the end of the year.

The negotiation of the loan, with a substitutions guarantee and on a subordinated basis, carries a high degree of risk for the lender. It is innovative to Spanish banking and represents a psychological boost for Hispano Americano.

quisition in the US to expand its al-

The strength in the September quarter came from yarns, industrial products, apparel fabrics and sportswear, but home fashions business was under pressure from ris-In all fiscal 1987 Domtex will reap benefits from rationalisation of its Canadian manufacturing plants,

said Mr Thomas Bell, president, and most of its businesses will con-tinue to do better, except for some tween the US and Canadian operations.

fabrics and home fashion business. Domtex is negotiating to sell its Domtex, which earns more than 50 per cent interest in a South Afri-half its profits from US, European can interlinings manufacturer to and Asian operations, seeks an ac- the local management.



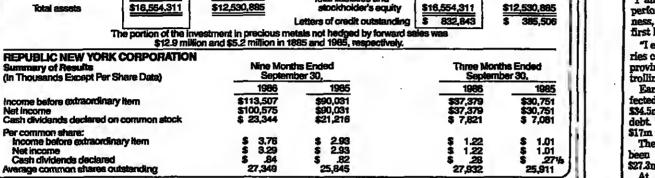
ing imports.

Stoy

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Liabilities and Stockholder's Equity

Non-Interest bearing

deposits: In domestic offices

in foreign offices interast bearing deposits:

In domestic offices

In foreign offices

Total deposits

Comer nationes Long-term debt Stockholder's Equity: Common stock, \$100 par value: 4,800,000 characterizadi

shares authorized;

3,550,000 shares

ined earnings

Total stockholder's

Total liabilities and

outstanding

equity

Other fil

Surplus

Short-term borrowings Acceptances outstanding Accued interest payable

1986

\$ 502,789

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1,101,490 2,045,471 171,763 298,233 437,367

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1,559,974

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637,857 876,696 197,292 244,763 24,726

355,000 800,000 274,030

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nue at 40th Street, New York, New York 10018 In Manhattan, Bronx, Brookyn & Queens Count rve System/Nember Federal Deposit Insurance Boverly Hille + Seint + Buenos Alexe + Caracas + Caynan Islandt + Channal Hande + Kong Kong Landon + Los Angeles + Luserbourg + Mexico City + Mexin + Milen + Monie Carlo + Monievideo + Moniest + New Panemas City + Paris + Punta Del Elek + Rio de Jameiro - Sandigo + Suo Paulo + Singapora + Tokyo

This announcement appears as a matter of record only. October 23, 1986 Hispano Americano International Limited

(Incorporated with limited liability in the Cayman Islands)

U.S.\$ 100,000,000

Primary Capital Guaranteed Floating Rate Notes Due 2006 (redeemable at the option of the Noteholders in 7998)

with a substitution guarantee on a subordinated basis of



Price: 100% · Interest: U8OR for six months + %% p.a., pavable se Antii and Octol

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A subsidiary of REPUBLIC NEW YORK CORPORATION

1968

\$ 216,597

5,868,909

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3,723,612

2,044,178 276,258 232,888 232,658

(96,610

September 30,

1985

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77,547

2,053,403 60,107

466,275

(71,617)

2,777,321

2,705,704

873,744 207,340 216,053

215,331

Consolidated Statements of Condition

(In Thousands)

Cash and demand

with banks

Short-term tax exempt

estment securitie

Trading account assets

Federal funds sold and

Loans, net of unearned

toan loase

Accrued interest rec Other assets

Total ass

securities purchased under agreements to

Income Allowance for possible

Loans (net)

Customers' Rability under

acceptances Premises and equipment

Net income Cash dividends declared

New Bare

accounts

Precious metals

resel

Assets

	RZBANK CREE	DIT LYONNAIS
BANCO DI ROMA	BANKAMERICA CAPITAL MARKETS GROUP	CITICORP INVESTMENT BANK
CREDIT SUISSE FIRST BOSTON		DKB INTERNATIONAL
LTCB INTERNATIONAL	MERRILL LYNCH CAPITAL MARKETS	MITSUI FINANCE INTERNATIONAL
MORGAN GRENFELL & CO.	NOMURA INTERNATIONAL	TOKAI INTERNATIONAL
	YAMAICHI INTERNATIONAL (EUROPE)	

	All these notes having been sold t	his announcement appears as a matter of record only.
	Badisch	ne Kommunale
		nk-Girozentrale-
		lannheim
	A\$	35,000,000
	143% per c	ent. Notes due 1991
	ANZ	Merchant Bank Limited
E	Badische Kommunale Landesbank Intern	ational S.A. CIBC Limited
F	Hambros Bank Limited	Orion Royal Bank Limited
I	lankers Trust International Limited	Banque Bruxelles Lambert S.A.
E	Baring Brothers & Co., Limited	Commonwealth Bank of Australia
N	AcCanghan Dyson and Co. Limited	Nord LB, Norddeutsche Landesbank Luxembourg S.A.
		October 1986

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Revenue 22ba 22ba 22ba Favorue *1.85m 1.485m	Third quester	1984 19			
Name State	Net per share Net per share	"J1.6m 114 0.25 1	H Revenue	Dedget there's a choice of four imminish bindings for your FT Diary. From the top-of-the-range Chairman's Set, handmade from the	
International of the balance of the	Not profits		Revenue	finest hides, to our Black Leathercloth	
Instrument Their question Their question <th quest<="" td="" their=""><td>after \$106.8m write-off</td><td></td><td> Net per share</td><td>for you." I find an rT Diary that's right But the finish is just the beginning The FT</td></th>	<td>after \$106.8m write-off</td> <td></td> <td> Net per share</td> <td>for you." I find an rT Diary that's right But the finish is just the beginning The FT</td>	after \$106.8m write-off		 Net per share	for you." I find an rT Diary that's right But the finish is just the beginning The FT
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We are pleased to announce that at the Extraordinary General Meeting Third generation 1986 1986 Third generation 300,7m 384,6m 22,5m Not per share 0.05 0.55 0.55 Not per share 0.05 0.55 0.56 Not per share 0.05 0.57 0.56 0.57 Not per share 0.05 0.57 0.57 0.57 Not per share 0.05	let profits	437.5m 391.1	11		
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Fourth quarter 1925-20 1994-25 Bank and Bahrain Monetary Agency in Bahrain.			The Bank has obtain	ed approvals of both these Resolutions from the	
and Bahrain Monetary Agency in Bahrain.			Authorities in the Gr	and Cayman, Ministry of Commerce & Apriculture	
Revenue		- 	and Bahrain Monetary		
Net profits 14.2m 12.5m Net par share 0.61 10.10	et profits	14.2m †2.9			
	eventië let profile	86.5m 12.6	21	The Board of Directors	

nary General Meeting of 30 1986, the following

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Accountancy Appointments

General Accounting Manager

Age 27-32

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Management <u>I</u> Selection

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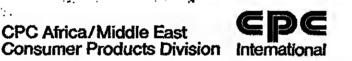
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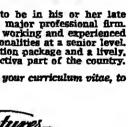
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UK COMPANY NEWS

BY DAVID GOODHART

extended its offer until 1 pm on November 7.

associates, 16.5 per cent of acceptances and another 10.8

per cent stake pledged by Mr

ma more."

Maxwell steps into battle for Grosvenor

By Nikki Tait largest growth with sales up £19m to £185m and pre-tax pro-fits up £3.2m to £15.2m. Elec-

In a hectic day of ups and downs for both sides Norton A BID battle broke out yesterday for Grovenor Group, the troubled electronics and en-gineering company. Hollis, the was left holding and having acceptances from a total of 40.6 per cent of McCorquodale. That included 13.2 per cent already owned by Norton and stationery furniture and timber group which is 82 per cent owned by Mr Robert Maxwel's Pergamon Press, launched an £8.9m shares or cash offer. Last month Grosvenor agreed terms with BBA Group. Last night, Mr Gordon

per cent stake piedged by Mar Robert Maxwell. Mr Maxwell failed to accept the offer by the 1 pm deadline but he later confirmed the statement made earlier in the day that he was backing Norton Opax and that there had been marging a tachnical hitch ra Hazzard, chairman of Greatenor Group, said he had received no official notification from Hollis

ominal notification from Hollis and had no comment to make et this stage. Dr John White, managing director of BBA, was unavail-ebla for comment, but his mer-chant bank advisors — Morgan Grenfell — said that the com-pany would be reviewing its position over the next few days. BBA currently owns 6.3 per cent of Grosvenor's shares, and bad received acceptances from all the Grosvenor directors in re-spect of their personal holdings

- totalling 0.29 per cent. The new terms from Holis The new terms from florgs are seven of its new shares for every four Grosvenor. With Hollis unchanged at 82p on the announcement, that values each Grosvenor share at 143.5, and the entire group at £8.9m. There is also a cash alternative of 135p a share.

Yesterday, Grosvenor shares rose 10p to 135p.

Hollis said yesterday that it had received irrevocable underhad received irrevocable under-takings to accept in respect of 635,898 Grosvenor shares — 10.2 per cent of the equity— and a further irrevocable undertaking to accept the cash alternative from holders of an-other 2.33 per cent of the Gros-venor shares. Hollis itself also owns 2.56 per cent of Gros-venor's shares. venor's shares

which BBA's oner of two of his own shares for three Grosvenor --which, with BBA down 2p at 168p yesterday, values each Grosvenor share at 110p-or a cash alternative of 125p.

The Hollis offer compares with BBA's offer of two of its

Hollis has made a number and winning a bid for The Solicitors Law Stationery Society in the previous June.

its formal offer document. The document was received by Heafh shareholders yester-day, only two days after PWS announced the bid. It fixes 3 pm on Tuesday, November 11 as the first closing date for the receipt of acceptances of the PWS offer. In a letter to Heath share-bolders Mr. Molecom Reserve bolders, Mr Malcolm Pearson, convertible preferred shares for chairman of PWS, drew particu-lar attention to Heath'a loss of With PWS shares unchanged key North American insurance at 315p yesterday this valued

tion of £63m, making it con-siderably smaller than Heath. It is offering four of its own new ordinary shares plus three new convertible preferred shares for

PWS Holdings, the fast-grow-ing insurance broker led by Mr Ronnie Ben-Zur, has edded momentum to its hostile £180m fortunes thare. Heath'a directors said they bid for C. E. Heath, the insurhad reviewed the document "rod found nothing new to change their view that the offer is wholly inadequate in both amount and form." PWS bas a market capitalisaance group, by rapidly issuing its formal offer document.

PHIT in white knight talks

PWS keeps up bid momentum

broking personnel recently and said PWS would have "a major contribution to make" to Heath'e

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

Property Holding and Invest-ment Trust (PHIT) was late yesterday tied up in last minute discussions for its own takeover man, said that ha would be writing to shareholders within the next few bours. If there is to be a deal with a white knight, "it has to be quick or by an unspecified company. It has been attempting to fend away a tender offer for 19.9 per cent of its equity by Apex Group of New Zealand. The Apex offer expires on Monday, leaving PHIT little not at all," ha said. The tender offer was pitched

away a tender oner for 19.5 per cent of its equity by Apex Group of New Zealand. The Apex offer expires on Monday, leaving PHIT little time to work out other solu-tions. Mr Arthur John, the chair-The tender oner was pitched a tagen a share with the possi-bility of a top-up payment. Since it was made, the PHIT shares have traded up to 1690. The Leval yesterday. Mr John, the chair-The tender oner was pitched tions. The tender oner was pitched tions a tagenuine huyer in the market," Mr John said.

Norton Opar yesterday failed Hanwell, the Norton chief ex- prieve. "This is very good not to make claims about other to win control of McCorquodale claims about other ecutive, and Mr John Halloran. news we have no doubt we in the bitter £150m print indus-try takeover battle but has uve, but "Hanwell impressed now," said Mr Holloran. "In a sumptions. That warn-ing arose from a Panel criti-

now." said Mr Holloran. Alhough Norton had hoped to close the bid by yesterday's first closing date it had kept open its option to extend and last night Mr Clive Chalk of Samuel Mon-tagu, Norton's advisers, said: "There is a feeling of great ela-tion bere—I cannot remember such a good result for a first closing date." McCorquodale hit back by saying that at a meeting on Tuesday night Mr Maxwell had asked McCorquodale "to state that it would welcome Mr Max-well as a 25 per cent share-holder in the company and indicated that if McCorquodale

Norton claims 41% and extends bid

was not prepared to do so he would assent his shares to the offer." Norton remains in e strong position to take control and the Montagu is likely to continue to try to huy in the market at the cash alternative of 2000. It Mr Holloran said he had not been prepared to make such a the offer by the 1 pm deadline been prepared to make such a Montagu is likely to continue to but he later confirmed the statement made earlier in the Norton Opax had been prepared the cash alternative of 260p. It day that he was backing Norton Opax and that there had been merely a technical hitch re-garding his ecceptance form. He said he had been im-pressed by both Mr Richard was last night celabrating a re-general warning to companies

each Heath share at 572p. Heath shares fell 3p to 560p. PWS also gave notice yester-

day of an extraordinary general meeting of PWS shareholders

on November 13, to ratify the proposed issue of new shares in connection with the bid. It also emerged yesterday

that Baring Investment Man-agement sold 22,222 ordinary

shares in PWS on behalf of a

This genuina buyer is

Jolliffe Cork, combines with Mr In line with Sir Anthony's the prospects for the putative

chief executive.

ing up,

Aper tender offer.

ing arose from a Panel criti-cism of some Norton Opax claims about McCorquodale's

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underlying growth. Norton claimed in a circular Norton claimed in a circular that underlying profits for 1985-1986 were £11.25m, compared with the McCorquodale forecast of £14m and for 1986-87 were £11.4m compared with the fore-cast of £17.5m,

Samnel Montogi eccepted that it made mistaken assumptions about the profits acquired when McCorquodale hought H. W. Chapman and the changes to associated company profits. Therefore underlying profits were likely to increase at 17.3 per cent and 23.8 per cent over the two yeara

Norton shares closed 5p down at 135p, while McCorgnodale was unchanged at 263p.

Further downturn for Camco

Camco, US-based supplier of Camco, US-based supplier of gas lift equipment and safety systems to the energy industry, and a 55.4 per cent-owned subsidiary of Pearson, which also owns the Financial Times, yesterday reported that its income before tax for the third quarter of 1986 had fallen from \$4.73m to \$1.19m (f0.83m). This followed downturns in the first and second quarters

discretionary management client on Monday. On Tuesday, 30,000 PWS shares were bought by a subsidiary of Optic-ford, which represents family interests of Mr Ben-Zur, PWS chief evecutive. the first and second gnarters, and left the total for the nine months at \$5.48m, a drop of \$10.97m on the corresponding period of 1985. The directors said the inter-

national market bad declined in the third quarter following a dramatic drop in tha domestic market during the second quarter. They added that "although

the decline in the international market was more gradual, It may well continue to reduce through the fourth quarter, while the domestic market is expected to stabilise at its cur-rent low level." assumed to be the white knight, but the extent of his buying is less clear. Jobbers have attri-

buted a large portion of the PHIT share price rise to markrent low level." Net sales for the third quar-ter declined from \$43.39m to \$38.5m and the figure for the nine months was down hy \$8.45m at \$1.20.02m. Tax accounted for \$1.28m (\$6.75m) and left nine months carpings PHIT, with property holdings worth £161m, had not long suc-ceeded in fighting off a £109m takeover hid from Greycoat hefore it was hit by the £37m and left nine months earnings at 57 cents (\$1.33).

Philip Coggan examines Sir Anthony Jolliffe's plan to build a mini-conglomerate Walker Greenbank ready for acquisitions

IN 1982, Sir Anthony Joliffe

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT from property trading were British this on earnings was the same against £146,000, of which £1.7m came from the Paris sales.

Hammerson, the British property group with extensive international interests, pushed up pre-tax profits to £22.2m in its first half to June, from marked. Exchange rate move ments pared the earnings per first half to June, from time to be dogged by currency fluctuations. The interim dividend is maintained at 2p. The full payment for 1985 was 9.5p. The results were precisely in line with expectations in the City. The share price rose 5p to 4305 in advance of the gain after the same period of the gain after the same period of the data the same period of 1985. But group figures constituents are down from 20.56p to 1985 and during the 1986 first half from 9p to 8.44p. Changes in the group's pro-the data to for ore period of the figures and beld the gain after the figures and beld the gain after the totage of the figures and beld the gain after the totage of the figures and beld the gain after the totage of the figures and beld the gain after the totage of the figures and beld the gain after the totage of the figures and beld the gain after totage of the totage of the totage of the figures and beld the gain after totage of the totage of the totage of the totage of the figures and beld the gain after totage of the figures and beld the gain after totage of the totage of totage of the totage of the totage of totage of the totage of the totage of the totage of the totage of t

City. The share price rose 5p Canada from a to 430p in advance of the from Rank City figures and beld the gain after rental income. they were announced. Gross rental

figures and beld the gain after rental income. ment in Bremen and Essen, and they were announced. Gross rental income in the lu Canada at a shopping centre Around 60 per cent of first half was £58.9m against complex in Toronto. And new Hammerson's property bold £61m in the 1985 first half. On projects are coming to comple-ings are overseas. The effect of the other hand gross profits tion in Los Angeles.

Sir Peter Baxendell, chairman of Shell Transport man, said diesel engineering experienced the main impact of the downturn in ordering by the main oil producing coun-tries. A major reorganisation of tha division to bring orders into line with demand had also affected performance.

through of profits from recent acquisitions. Of the company's six divisions, diesel engineering suffered worst with turnover orders are picking np and this should show through in profits down from £100m to £83m and should show through profits down to £4.5m from and turnover in 1987.

7.3m. The electrical distribution Sir Peter Baxendell, chair- and controls division showed tha



Hawker shares slide on

static mid-term profits

"The aim is to go for acquisi-tions in areas of potential growth which have an immediate affinity with group activities and which can be assimilated rapidly with technological and cost advantage." said Sir Peter. The £721m pre-tax profits for

the first half comprised trading profits of £61.7m (£60.6m), a For the full year tha division is likely to suffer a significant share in related companies' pro-fits of £5.8m (£5m) and interest of £4.8m (£5.9m). reduction in profits compared with 1985 but the company says After taxation of £27.4m and

After interests of £3.5m minority interests of £3.5m attributable profits were £41.2m, leaving earnings per ordinary share at 20.9p (20.4p). See Lex

But rental income is expected

to increase steadily as new developments come on stream.

This should be most striking in the development programme for over 800,000 square feet of

At the same time, expansion has been taking place in Ger-many, where department stores have been hought for redevelop-ment in Bremen and Essen, and

Hammerson on target at £22m

hit by the fail in oil prices, the company said. The company also forecast lower second half profits, but expects profit growth to resume next year. The interim divi-dend is raised to 0.5p to 5p. In the six months to the end of June, Hawker lifted pre-tax profits by £600,000 from last year's £71.5m turnover, down £8m at £769m. However Mr Bob Bensly, managing director, said the profits would have been 18 per cent higher than those 18 per cent higher than those for the first half of 1985 had it not been for adverse exchange rate movements, costing £6m, and the effect of the oil price fall, on diesal demand, costing fail, on diesai hemand, costing fom to fom. Mr Bensly said the results were a temporary setback. Order books remained high and next year growth would be assisted by better demand for diesel engines, an improvement in the adverse factors created by the oil price fall and the flow

BY MIKE SMITH

Hawker Siddeley fell sharply to close 32p lower at 415p yes-terday following the announce-ment that pre-tax profits for the first half of the year were vir-tually static et f72.1m. Demand

for the company's products, particularly diesel engines, was hit by the fall in oil prices, the

22

Concert party buys **Inv Success' shares** Investing in Success Equities, the listed investment trust, said yesterday that Tamefollow In-

vestments had acquired an additional 510,000 shares to raise its bolding to 815,000 shares or 13.3 per cent of the trust's issued capital.

Investing in Success also said that Worldlink Trust had lifted its stake to 305,000

Also listed as parties to an agreement with Tamefollow and Worldlink were City Mutual Life nominees with 112,000 shares and Capita Financial Group with 500,000 sbores.

from

SE listing for News Corp. News Corporation, the Aus-tralian holding company for Mr Rupert Murdoch's media inter-other work and the form of American Depositary Receipts. The mova is understood to The mova is understood to reflect News Corporation's wish ests, yesterday announced that it was too seek a listing on the to broaden its shareholder base and to obtain a listing in a

London Stock Exchange for its existing ordinary shares. major financial market where it has trading interests. Its British The introduction is scheduled for November 12 and will be sponsored by Morgan Grenfell, the merchant bank, with Cazenove and Morgan Grenfell Securities as joint brokers. subsidiary, News International, already has a London listing.

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Owens-Ford, the US-based sup-plier of power control and plastic products, is to seek a News Corporation has a News Corporation has a master products, is to seek a market capitalisation of about A\$4.6bn (£2.04bn). At present it is listed in Sydney and on Benson and tha broker Barclays the New York stock exchange de Zoete Wedd Securities.

passed through the streets of London in the Lord Mayor's cosch. His latest vehicle, Walker Greenbank engineering

Walker Greenbank engineering group may not appeer as grand but the 48-year-old Sir Anthony hopes it will carry him to a future as head of a major indus-trial boldings group. Sir Anthony is the latest in a long line of entrepreneurs who are aiming to build a mini-con-glomerata from a base in the engineering sector. Mr David glomerata from a base in the engineering sector. Mr David Abeli at Suter, Mr Greg Hutch-ings at F. H. Tonkins and Mr Nigel Rudd at Williams Hold-ings are just three examples of businessmen who have built up industrial groups rapidly by using highly-rated shares to acquire less popular rivals. As yet, Walker Greenbank is too small to rank with the Williams Holdings of this world. Its market capitalisation is only £27m, and turnover this year

Sir Anthony Jolliffe, chair-man of Walker Greenbank

\$27m, and turnover this year will be about £35m, but Sir Anthony's aim is to create a with £4.2m likely in 1987. At this year's interim stage, when the two halves of the group re-ported separately, Walker's pre-tax profits were £631,000 and Greenbank's £537,000.

group with turnover of £200m within three years. The group has interests in-cluding water treatment and carpet storage and handling, with heavy engineering pro-ducts like gasholders, which take the by-products of steel-

"There are some nice little businesses in the group," says Mr Tim Harris of Philips & Drew. "Altair, the air filtration company, was beught for £1.6m in 1983 and should make just

The group was built by Sir Anthony with the help of his long time friend and partner, Mr John Pither. The two mat when Sir Anthony was the anditor of Mr Pither'a Watford Metal Industry Group, which subsequently formed the basis for Multiple Industries Group, tha company they formed in

in 1983 and should make just the company they formed in less than £800,000 this year. 1983. Welding Machines was bought They make a well-matched in the same year for under duo, with the bouncing bon-fi00,000 and it should make bonic of Sir Anthony counter-around £0.5m pre-tax this time on turnover of only £1.8m." For the full year, analysts are financial expertise of Sir expecting Walker Greenbank to Anthony, who built up a suc-make £5m to £3.5m, pre-tax, cessful accountancy practice,

BOARD MEETINGS

DIVIDENDS ANNOUNCED

	Current		Corre- sponding		Total last	
	Dayment	payment	div.	year	year	
1	mammerson Prop int 2		2	_	9.5	
	Hawker Siddeley int 5		4.5	_	14.5	
	Inti City Hidgs			9	_	
	Secs Tst Scotland int 1		0.8*		2.5*	
	Stocklake	_	. 9	12	12	
	Wm Sinelair 1+45	Nov 28	-	6.15	5.25	
	North Midland Cons nil	_	0.3	níl	0.8	
	Dividends shown in pence per	share de	t except	where	otherwi	80
	stated. * Equivalent after alle	nwing for	scrip iss	ne to	On capit	a)
	increased by rights and/or	annieitin	n ismes	11 ± 11	SM stor	1
	& Unquoted stock	acquattion				

ering k After considering a flotation a the Unlisted Securities Market, Multiple Industries reversed into C. & W. Walker Holdings, a listed engineering company which had not paid a dividend since 1980. The £2.3m deal concluded in January this year doubled the circuit of the sector.

With his background Sir Anthony should be in a good position to spot prospective purchases. "He won't have a shortage of acquisition targets with his accountancy and City connections" says Mr Stephen Handy of Kleinwort Grieveson. concluded in January this year doubled the size of the group. Having obtained a listing, Sir Anthony and Mr Pither were able to step up the pace of ex-pansion. Last month, Walker "merged with Greenhank, a group with similar interests in filter technology and in lift systems. Indeed, Walker Greenbank is systems.

systems. "Greenbank was e nice, steady business" comments Mr John McCready of County Securities, "but perhaps it had plateaued." According to Mr Tim Harris, Greenbank was "generating a fairly low return on sales." In the last full year before the marger, Greaubank made pre-tax profits of £1.7m on turnover of £15.9m, com-pared with figures of £2.38m on £12.7m back in 1982. What Greenbank could con-tribute was a strong balanca already on the lookout and Sir Anthony is confidant of success. "I intend to make another substantial acquisition within a year," he asserts, The next move could be in the consumers products division which at the moment con-sists only of McKendrick and Wane, the carpet management company, which needs strength-

ening. In the long run, Sir Anthony wants to create a broadly-based industrial group, with even financial services a potential area of expansion three years or so ahead. what Greenbank could con-tribute was a strong balanca sheet and, as a result of the merger, Walker's gearing was cut from 122 per cent to 41

is run along classic mini-con-glomerate lines. Subsidiaries are encouraged to run them-selves, subject to overall finan-"They certainly manage small companies well," argue Mr Harris "but we don't know yet what they can do with the cial controls, and senior man-agement is given equity stakes or share options. large ones."

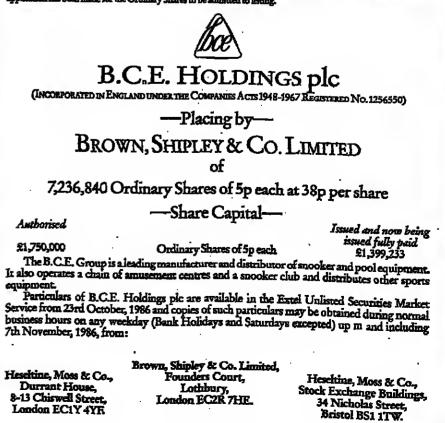
Mr Handy adds: "We know Sir Anthony is good at ration-Sir Anthony is good at ration-alising businesses but be may not really be a growth mer-chant." But if Walker Green-bank chooses its acquisitions carefully. Mr McCready believes it can succeed.

"There is room for another mini - conglomerate, provided they steer clear of beevy engineering."

The key to expansion lies in achieving the kind of rating which will allow the group to increase earnings per share by buying less well-rated companies.

the constiners products divi-sion which at the moment con-sists only of McKendrick and Wane, the carpet management company, which needs strength-ning. In the long run, Sir Anthony wants to create a broadly-based industrial group, with even inancial services a potential area of expansion three years or so ahead. Analysts are cautious about

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. Application has been made to the Council of The Stock Exchange for the grant of permission to dealin the whole of the issued share capital of B.C.E. Holdings plc in the Unlisted Securities Market. Twenty five per cent, of the shares placed may be available to the public through the market during business hours today. It is emphasised that no application has been made for the Ordinary Shares to be admitted to listing.



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23rd October, 1986

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UK COMPANY NEWS

Avis Europe prepares for £278m market debut

BY TERRY POYEY

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AVIS EUROPE is to join the market ou November 6 valued at £278m in one of the largest flotations so far this year other than privatisations. At 250p a share, the offer involves the sale of 72m oew shares or 65 per cent of the car-hire group.

The offer will raise £177m net of expenses—of which El4m will remain with Avis Europe, formerly the Europe, Middla East and North Africa region of the US company. The remain-

of the US company. The remain-ing £163m will go to Wesray Capital Corporatioo. Wesray, which is to retain 34.3 per cent of Avis Europe after the flotatiou, bought Avis Inc from Beatrice Foods earlier this year in a deal for which the total consideration was some \$1.85hn, mostly in transferred \$1.85bn, mostly in transferred

Of the 72m shares on offer at Of the 72m shares on oner at least 10m are to be offered to European investors who may also apply for a further 10m shares. In addition, £6m-worth of 10.25 per cent cumulative preference shares (redeemable in 1991) are to ha issued to institutions.

Forecasts of £18.4m profits proceeds, reporting accountants after tax, minorities and pre-ference dividends for the year to February 19871, produce £70.8m after net debt fails to earnings of 17.955 on a weighted average capital and puts the Mr Alun Cathcart, group offer on a ratio of just under 14 managing director, accepted

AVIS EUROPE'S BALANCE SHEET							
ear end Feb	1962	1983	1984	1985	1995		
ined assets	fm	Ém	Ém	Ém	Ém		
ehicles	12	13.3	13.1	14.7	17.4		
otal assets	68.5	75.5	78.5	96.5	17.4		
let debt	143	148	174	219	253		
let aasets	36.7	39.2	66.8	62.6	77.4		
* As of june 30	41.1	43	42,1	44.8	53.5		

times prospective earnings. Avis Europe will pay £15m for the exclusive right to use the Avis name in this area for 50 years-this amount is included in Wesray's share of the proceeds of the issue.

Pre-tax profits have risen from £13.86m on sales revenue of £127m in 1981-82 to £25.46m on £197m in 1985-85. Avis is forecassing et least £33m pre-tax for the present year and a finel and total dividend of 8.8p. The portion of the issue pro-ceeds staying with Avis Europe is to be used to reduce debt. Adjusting the balance sheet as of June 30 for the flotation proceeds, reporting accountants Price Waterhouse calculate that net assets will rise by £14m to £70.8m after net debt falls to £49.2m.

that Avis Europe's gearing looked high but he pointed out that about half of total assets were cars which could readily he could readily

be sold As of June, the annual peak period, net debt was 70 per cent of sbareholders' funds but would fall to about 80 per cent in the winter, he said.

Sandhurst is one of the largest stationery distributors in the £900m UK market—its major competitor is Cartwright Mr James Morley, group finance director, said that the profile of Avis Europe's debt had changed in the last year. This was reflected in the shift from short to longer-term deht during the first few months Brice, owned by Hillsdown Holdings, who also hed talksand customers range from City firms like Hill Samuel to Kodak. However, the recent profits record has been patchy, with the pre-tax figure falling from £1.57m in the year to end-Jannary 1985 to £1.05m in the during the first few months of 1986-87

The offer for sale is being sponsored and underwritten by Morgan Grenfell. The brokers to the issue are Morgan Gren-fell Securities and Cazenove. Applications for the shares open on Octoher 30.

See Lex

BCE Holdings on cue for USM

It ran into problems in the

BY ALICE RAWSTHORN

BCE Holdings, a manufac major international professional turer and distributor of snooker anoker tournaments, tables and accessories, is joining. It ran into problems in the the Unlisted Securities Market through a placing of shares which will value its business at £10.6m.

The company began life as Bristol Coin Equipment operat-ing amusercent arcades in the West Country. In 1979, when the snooker craze was in its nascence, it diversified into the manufactura and distribution of snooker tables, cues, balls adn

BCE now provides the equipment for most of

early 1980s when it first diver-sified into Canada, but the company. company. Mr David Fisher, the chair-man, says that the capital will be used initially to eradicata borrowings but will then be invested in a new distribution centre in Belgium—in order to company has since recovered to produce pre-tax profits of £867,000 (£613,000) on turnover of £11.13m (£7.76m) in the

centre in Helgium—in order to nurture the incipient snooker market in Europe—and to develop e cue manufacturing plant in Canade to open op the North American pool market. Once the company is estab-lished on the USM it intends to embark upon acquisitions.

Two directors

quit board of

ATA Selection

The cash option is restricted to e total of 11.2m Tootal sharas. Morgan Grenfell, Tootal's edvisers, have under-pinned tha cash aliernative at 86p, so the maximum cost to Tootal will be £224,000. All the proceeds of the flotation-around £2.55m-will be ploughed back into the

January 1955 to 21,00m in the following twelve months. Debts, moreover, have risen to around the £Sm-level, over 100 per cent of shareholders' funds, partly as the result of moving to a new £4m office/warehousing complex in Horsham where Sandhurst arms, the funched

Tootal is offering one new share for each Sandhurst share held, with e partial cash alter-native of SSp. Tootal shares fell 24p to 304p on the news, while Sandhurst was unchanged at

was the freehold.

Tootal bids

£18.5m for

Sandhurst

Marketing

the threads

textiles group, yesterday announced an £18.5m agreed

bid in paper and cash for Sandhurst Marketing, which markets and distributes stationery and office equipment.

The acquisition is the first made by the new management as part of their growth strategy.

as part of their growth strategy. According to Mr Geoffrey Maddrell, who moved in as maneging director of Tootal last February from Bowater Industries, the company has targeted stationery — specific-ally contract and commercial as arouth business where

as a growth business where design and marketing skills similar to those used in its tex-tile husiness could be employed.

By Nikki Tait

Tootal,

1986* £m 18.2

142.4 302 106.2

Acceptances have already been received in respect of 63.8 per cent of the Sandhurst shares, including these held by the directors and the founding Hulme family.

Mr Maddrell plans to reduce debt by renegotiating certain finance leases and possibly making some small disposals, and pre-tax profits are forecast to recover to £1.5m in the current year.

Contracts & Tenders

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Application has been made for the Notes in bearer form in denominations of US\$10,000 and US\$80,000 and in registered form in amounts of US\$10,000 or Integral multiples thereof, constituting the above issue, to be admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary global note.

interest will be payable annually in arrear on 17 December, the first such payment being due on 17 December, 1987.

Particulars relating to the Republic of Italy and the Notes are available from Extel Statistical Services Limited and copies of the particulars relating to tha Notes may be obtained during normal business hours up to and including 27th October, 1986 from the Company Announcements Office of The Stock Exchange and up to and including 6th November, 1986 from:

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Crédit Commercial de France

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Tokai International Limited

Banco di Roma

Company Notices

year to March 31. In the placing BCE will release 7.24m shares, or 25.9 per cent of its equity, at 38p a share. The board anticipates profits of at least fillm in tha current financial year producing rulp- earnings per share of 3p and the a prospective p/e of 12.6 at the

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23

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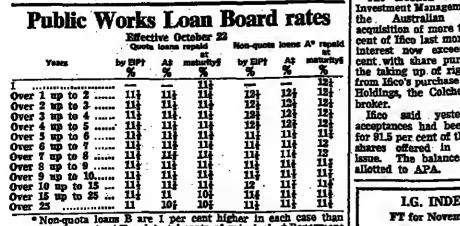
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• Non-quota loans B are I per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayments by hair-yearly annuity (fixed equal hair-yearly payments to include principal and interest). § With half-yearly payments of interest only.

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	ALA Scientione		and the second se	
ļ	By Alice Rewsthom	INVITATION FOR BIDS	CENTRAL	1
	ATA Selection, the USM	1) The Republic of Turkey has received a loan from the	EUROPEAN	1
-	anoted recruitment consultancy.	International Bank for Reconstruction and Development (IBRD)	INTERNATIONAL	
	yesterday announced the resig- nation of its managing director,	in various currencies towards the cost of the Third Ports Project and it is intended that part of the proceeds of this joan will be	BANK LTD	
	Mr Geoffrey Fox, and its finan-	applied to eligible payments under the contracts for which this	\$ US 30.000.000	
- {	cial director, Mr Bernard	invitacion to bid is issued.	FLOATING RATE	
1	Farmer. The company said in a state-	 The Turkish State Rallways (Türkiye Cumhuriyeti Deviet Demiryollari Isletmesi Genei Müdürlügü-TCDD) now Invites bids 	NOTES DUE 1996	
Į	ment vesterday that both	for the supply of:		
1	ment yesterday that both directors had left "to pursue	-7 pieces of mobile crane for handling containers and piggy- back operations.	For the six months, October	ΪF
	private business interests." Mr For, who has been with ATA	-59 pieces of Sth wheel Tractor.	15, 1986 to April 14, 1987	11
	for 16 years, has sold his share-	-69 pieces of Roll type trailer.	the rate of interest has been	
	holding, which amounted to	-34 pieces of general cargo forkilft trucks. 7 pieces of empty container handling forkilft trucks,	fixed at 6 1/8 % P.A.	
	25.1 per cent of the equity, through a placing. Mr Farmer	-2 pieces of Special Storage facilities.		1
	has been at ATA for 18 months.	-Marine fender. 3) The invitation to bid is only open for the suppliers from	The interest due on April 15, 1987 against coupon	
	ATA has expanded rapidly	member countries of the IBRD, Switzerland and Taiwan.	nr 2 will be \$ US 3096,53	
	since it first surfaced on the USM in a placing of shares in	4) All bids must be accompanied by a security of 2% of the total	and has been computed on	
I	July last year. The company	value of the bid. 5) Tender documents pertaining each of the above inquiry may be	the actual number of days	8.
	specialises in recruitment for	purchased against remittance of US\$125 each from the following	elapsed (182) divided by 360.	
·	the sales and electronic engi- neering sectors and is also	address as from September 24 1986 and the bids shall be sub-		1
	involved in recruitment for the	mitted until November 24 1986 15.00 hours at the istast. TCDD ISLETMESI GENEL MUDURLUGU.	THE PRINCIPAL	
	advertising industry through its	Malzeme Dairesi Baskanligi,	PAYING AGENT	К.,
	subsidiary, Capital & Provincial Advertising.	Gar-Ankara, TURKEY.	SOCIETE GENERALE	11 3
lí	In 1985, ATA increased pre-		ALSACIENNE DE	1
	tax profits hy 31 per cent to \$596,000 on turnover which rose	······································	BANQUE	н,
	by 5 per cent to £2.47m.	Personal	15, Avenue Emile Reuter	1.
	ATA said yesterday that it	20,00,00	LUXENBOURG	<u> </u>
	intends to make a formal announcement ebout the future			_
11	composition of the board. The		(Incorporated in Canada)	
	company's share price remained	N N	CANADIAN PACIFIC LIMITED	1
	stable at 58p yesterday.		NEW BRUNSWICK RAILWAY COMPANY	ſ
l	New managers		CANADIAN PACIFIC LIMITED Perpetual 44% Consolidated Dabantura Stock NEW BRUNSWICK RAILWAY COMPANY 4% Dabanture Stock 4% Dabanture Stock	
11	•	$\mathbf{\nabla}$	4% Debesture Stock	1
	at Wemyss	5 - 🙃 - 5	hail-yearly interest due January 1 1087	I 1
4 1				
ļ	and the second the second the second the second sec		on the above Stocles, the transfer books with be blosed at 3.30 pm on November	
	Wemyns Investment Trust	'R ¹ K ^E	is preparation for the payment of the hull-yearly interast due january 1 1057 on the above Stocks, the trunsfer books will be closed at 3.50 pm on November 28 1088 and will be re-opened on january 2 1087. D. B. KEAST	
	has awarded its management		Deputy Secretary	
	has awarded its management contract to a new joint venture between Industrial Finance and	RIK ^E WITHOUT WARMING	on the above Storics, the transfer books will be closed at 3.50 pm on November 28 1088 and will be re-opened on January 2 1087. D. R. KEAST Deputy Secretary 50 Finabury Square Jondon ECZA 100 Sctober 23 1985	
	has awarded its management contract to a new joint venture between Industrial Finance and Investment Corporation, a financial trust and AFA Hold-	IT'S COMMON	50 Finabury Soutre London ECZA 100	
	has awarded its management contract to a new joint venture between Industrial Finance and Investment Corporation, a financial trust, and APA Hold- ings insurance and financial	IT'S COMMON Over 180,000 people in the United Kingdom suffer a Stroke overy year.	Deputy Secretary	
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	SOCIETE	PORTS AUTONOMES
A I	GENERALE	SOROEAUX
	ALSACIENNE DE	NANTES-SAINT NAZAIRE-PARIS
	BANQUE	Public Corporations of the French Brate incorporated in accordance with the laws dated Jane 21, >500 and October 28, 1968
	\$ US 40.000.000	
11	FLOATING RATE	9% BONDS 1975-1991 OF USS1,000 EACH Nomerical List
11	NOTES DUE 1995	1") of the series including the 4,000
	For the six months, October	1 907 the series including the 4,000 bonds drawn at the fifth drawing by 401 on October 10, 1988 and representing the entire annulty of US\$4,000,000 to be redecined on November 15, 1986;
	15, 1986 to April 14, 1987	
11	the rate of interest has been fixed at 5 15/16 % P.A.	2") of the series previously called for redemption including securities not
11	10x00 at 5 15/10 % P.A.	2') of the sories previously called for redemption including securities not yet presented for redemption Drawing on October 12, 1964- Recisions Securit Revenues 15, 1964
	The interest due on April	2,061 to 8,060 Drawing on October 11, 1985- Reimburgement November 18, 1985
	15. 1987 against coupon ar 4 will be \$ US 300.17	1.551 to 2.060 6,061 to 7,125 11,129 to13,330
11	and has been computed on	These bonds will be redeemable
<u>8</u>	the actual number of days clapsed (182) divided	These bonds will be redestable at USS1,000 at FRENCH AMERICAN BANKING CORPORATION IN NEW YORK and at the offices of the follow- ing Erzallshiments: BANGUE NATIONALE OF PARIS, BANGUE NATIONALE OF PARIS,
11	by 360.	PARIS
	THE PRINCIPAL	PARIS BARIST BRUXELLES LAMBERT, BRUXELLES BRUXELLES LUXEMBOURGJ S.A., LUXEM- PARIST
1.1	PAYING AGENT	I
	SOCIETE GENERALE	BANGUE PARIBAS, PARIS
	DE BANQUE	DEUTSCHE BANK AKTIENGESELL- SCHAFT, FRANCFORT-SUR-LE-
	15, Avenue Emile Reuter	BANGUE PARIBAS, PARIS -EREDIT LYDNNAIS, PARIS -DEUTSCHE BANK AKTIENGESELL- SOCIET BANK AKTIENGESELL- SOCIETE GENERALE PARIS -SOCIETE GENERALE PARIS -SOCIETE GENERALE PARIS -BALE
	LUXEMBOURG	Outstanding amount: US\$24,000,000.
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NOTICE OF REDEMPTION

24

The Sanwa Bank, Limited

USS Floating Rate Certificates of Deposit No. C 00001-C 00030 Issued on November 22, 1982 Maturity November 30, 1987 Callable November 28, 1986

Notice is hereby given in accordance with the conditions of the above Certificates of Deposit (the "Certificates") as printed on the reverse of the Certificates that The Sanwa Bank, Limited (the "Bank") will prepay all outstanding Certificates on November 28, 1986 (the "Prepayment Date"), at their principal amount.

Payment of the principal amount, together with accrued interest to the Prepayment Date, will be made on the Prepayment Date against presentation and surrender of the Certificates at New York Branch of The Sanwa Bank, Limited, 200 Park Avenue, New York, New York 10166.

Interest will cease to accrue on the Certificates on the Prepayment Date.

Dated at New York, this 23rd day of October, 1986.



BY RICHARD TOMKINS

International City Holdings. the money broking group which was floated on the stock market last last November, yesterday blamed expansion costs and adverse exchange rates for limiting pre-tax profits to £18.1m for the year to July 31

1986. The figure represents e 24 per cent rise over the previous year's flo.6m, but includes a first-time contribution of over film from MKI, the US interdealer broker acquired in April, and a saving of over fim in ner intorest payable because of the proceeds of the flotation. Mr Robin Packshaw, group

Mr Robin Fackshaw, group chairmon, said a charge of 5500,000 had been taken against the profit and loss account for the setting up of Charles Fulton (IDB), its UK intor-dealor broker, and the group had also expanded the range of money narket instruments and curren

fell from £1.6m to £500,000. The tax charge fell from £1.6m to £1.2m through what Mr Packshaw described as efficient tax planning, so beloing to lift earnings per share from 25.1p to 27.3p. The dividend is 6p, as ICH had recently moved into broking the dollar/yen spot and had opened an office in Los Angelos. "These considerable investments have inevitably affected last year's profits, but the bene-fits should flow through in this and future years," Mr Pecksbaw foreca

Another factor affecting the results was the weakness of starling against the dollar. Although ICH took action to bedgo its currency risk, it esti-mated that exchange rates had cost it et least film.

Strong and Fisher ups

Garnar stake to 12.9%

two rival firms from MAI, Mr Packshaw said his appointment as managing director had been to co-ordinate the group, par-ticularly on the money broking

side. "But in the end it didn't work out and he left by mutual agreement. There is enormous toing and froing in this market and his departure isn't signi-ficant or particularly unusual," be stated.

comment

ICH's debut at 190p last November looked at the time November tooked at the time as though it wore too much too soon, and yesterday's close of 173p at the end of its dis-appointing first year on the market confirmed that this assessment was correct. The group might have done better to losve the flotation anothor year, taking its dovelopment costs on tho nose and rewarding

APPOINTMENTS

Export Council.

year, taking its dovelopment costs on the nose and rewarding investors with the sort of per-formance they had been en-couraged to expect in 1986. As it is, the virtually flat operating profit figure (ex-MKI) has opened up a credibility gap that will prove hard to bridge. The current year's performance current year's performance ought to be a step in the right direction, for a full yoar from

The settlement with Com-mercial Union is subject to a US bankruptcy court approv-ing Manville's Chapter 11 re-organisation plan. If approved, the \$27.1m will be paid in four instalments due to start other next July or five days Manville has now settled 21. out of its 27 claims against

IMI, metals and engine

June

Wm Sinclair lifts profits to £1.5m

William Sinclair Holdings, of the agricultural seeds busi-

which earlier this year sold its ness. agricultural seeds business to In May, at the time of the Imperial Chemical Industries for sale, the directors said they bad a little over £5m, raised its decided on expansion of the 1985-86 profits by £118,000 to garden leisure market.

1985-86 profits by £118,000 to £1.51m pre-tax. The final dividend of this USM stock is being stepped up from 3.6p to 4.5p, making a recognised that to compete in total of 6.15p (5.25p) net per 25p share. A scrip issue on a one-for-five basis is also pro-nology would have been beyond the avisting recourses of the the existing resources of the

the existing resources or interest The year to Juno 30, 1986, saw bank and other interest charges fall by £70,000 to £194,000. Tax, however, for interest and tax (£1.35m, accounted for £464,000 this time compared with previous credits of £121,000. Tax, however, for interest and tax (£1.35m, against £1.3m) broke down as to horticulture and leisure £592,000 (£557,000) and agricul-time and merchanting

of £121,000. Net profits emerged at tural seeds and merchanting £687,000 (£1.15m), equal to (now discontinned) £753,000 earnings of 14.3p (24.37p) per 25p share. Thero was an extra-ordinary credit of £1.48m through at £1.87m (£0.89m), in-(£17,000 debit) being princi-pally a surplus on the disposal share from £1.62 to £2.07.

Wood Brigdale is a London-

B&C purchase aimed as a base for acquisitions BY CHARLES BATCHELOR

British and Commonwealth financial edvertising and Shipping (B. and C.), tho trans-port and financial services and Mitsui among its clients. group headed by Mr John Wood Brigdale has a strong Gunn, is moving into the field balance sheet with a large net cash position but it gave no figures.

Mr Gunn said: "There is e tremendous opportunity to build a top-level consultancy group that specializes in commu-tions and related services."

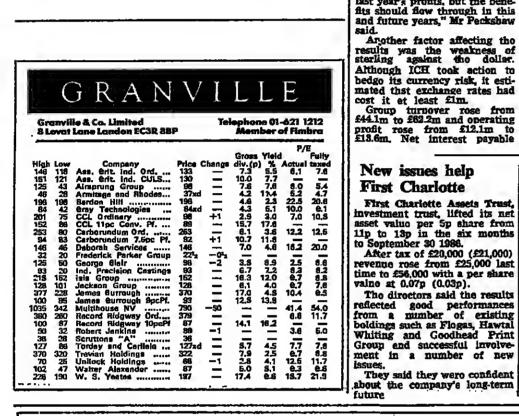
There are parallels with the growth of Abaco, a company which has acquired a series of professional partnerships in the property and personal finance area over the past three years. B&C has steadily increased its shareholding in Abaco, which already has a Stock Exchange expatriates. already has a Stock Exchan It specialises in corporate and quotation, to 27.4 per cent.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY-Indices of industrial production, manu-facturing output (1960-100); engineering orders (1960-100); retail sales volume (1960-100); retail sales value (1960-100); registered unemployment (excluding school leavers) and unfilled vacancies

000s). All	seasona	ily adjus	ted.					
1965	Indi. prod.	Mig. output	'Eng. arder	Retail vol.	Retail value"	Unem- ployed	Vacs.	
and gtr.	108.9	104.5	100	115.0	141.4	3.374	161.7	
rd gtr.	108.4	163.7	163	116.3	145.2	3.124	164.4	
th gtr.	.105.4	103.5	195	116.5	177.7	3,122	168.2	
st otr.	108.2	102.7	97	118.0	145.4	3.171	164.6	
nd qtr. rd qtr.	108.9	143.5	305	129.2	152.7	3,208	175.1	
ebraary	100.8	103.0		117.2	140.9	3.161	165.0	
Larch	108.5	142.9	. 185	119.8	148.6	3.199	168.8	
pril	118.7	104.1		116.3	152.1	3,700	169.0	

109



completo its world-wide network and to maximiss profits from the businesses it had brought togethor. At the same time it would ntilise its enlarged client base to expand its financial end technical services group. Referring to the departure of ICH'e managing director, Mr Peter Saad, to join the manage-ment consortiums buying out

Mr Robin Packshaw, chairman of ICH

Mr Packshaw said ICH's

immediets priorities were to MRI, the pay-off from invest-completo its world-wide network ments made last year and less

BY DAVID GOODHART

Mr Ian Brealey of merchant bank Hambros, representing Strong and Fisher, said that far more shares in Garnar could have been acquired at just above the cash elternative price

and added that following soundings among large investors bo

expected a result "in the next

fortnight."

court case By Nick Bunker A US subsidiary of Commercial Union, the UK composite insurer, has settled a long-running legal dispute by agreeing to pay \$27m (£18.9m) over the next four

year to Manville Corporation, the Colorado-based fibre and forest products group. The settlement will ter-minate several years of US

UK COMPANY NEWS

minate several years of OS litigation between Manville and Commercial Union. The dispute arese from asbestosis-related claims by Manville against Commercial Union in-surance policies dating back to the 1930s.

to the 1930s. Mr John Linbourn, a Com-mercial Union executive director, said in London that the payments would have no impact on Commercial Union's results. The company had emberging company

Union's results. The company had substantial reinsurance cover and other provisions against claims by Manville. Manville originally sued some 27 insurers in 1986, when it faced buge claims for damages from abbestosis vic-tims. In 1982, the weight of claims forced Manville to file for protection under Chapter 11 of the US bankruptcy code.

The settlement with Comof advertising and design con-sultancy with the purchase of a 24 per cent stake in Weed Brigdale, Nisbet and Robinson. The aim is to use Wood Brig-

dale as the base for acquisitions in communications business, possibly leading to e public flotation for the company in after court approval of Man-ville's reorganisation plan, whichever is the later date. 1987

based advertising agency and design group. Founded in 1969, its chairman is Mr John Wood, **IMI** purchase who is dopnty chairman of Republicans Abroad, the US political group for Amorican

IMI, metals and engineer-ing group, has hought McKinnon Nicholls, Ans-tralian maker of pacemetic and hydraulic cylinders, for A53.25m (£1.33m). The parchase from Wormald International, marks a further ergansion of IMI's fuld power division. The company earlier this year acquired Martonair Inter-national, valve manufacturer. Strong and Fisher yesterday boosted its stake in Garnar the Office of Fair Trading which Booth to 12.9 per cent on tho eve of today's first closing date for the £20m leather industry takeover contest. The bid will first have to pass the Office of Fair Trading which is not expected to make its decision known until next week. Garnar and its advisers Henry Ansbacher have put a lot of Garnar and its advisers Henry Ansbacher have put a lot of effort into arguing the case for a referral to the OFT. They are arguing that the combined company would be buying about one-third of all sheep and lamb skins in the UK which would hit the smaller tanners. They are also drawing attention to the high level of gearing that they claim Strong and Fisher will have to carry.

national, vaive manufacturer, in an 538m agreed hid. McKinnon Nichells also distributes imported finid power, process control and automation equipment. -

Today, when others promise International Banking

STRUCT AND A PARTY IBJ gives you more than just our word In today'e diverse and changing financial world, you need a partner who can work with you regardless of your direction. One with multiple-market coverage end e broad range of services.

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Serving clients in this way, IBJ International Limited, for example, the London-based merchant-banking arm of IBJ, has significantly expanded its role in the primary market. In 1985, it ected as book runner/sole erranger for 11 issues and co-lead manager for 31 issues in the Eurobond market.

Since we are also one of the world's major international loan syndicators, our financing advice is both comprehensive and without bias.

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IBJ has the experience and depth you need for optimum performance in the Japanese market. As Japan's pioneer in longterm financing, wa've been helping corporations to raise capital here for over 80 years. Moreover, as the underwriter of over 99% of Japanese government-guaranteed bonds, and the top commissioned bank for Japanese corporate bonds, our knowledge of this market is unperalleled. That is why clients continually ask us for information and advice before and during price negotiations for e new issue.

We played a crucial role in establishing Japan's market for foreign bonds in 1970. We've regularly dominated as leadcommissioned bank for Samurai bonds ever since. (in 1985, IBJ'o share was 46.6% based on amount.) Now that the market is open for direct financing in other currencies, such as US\$, more and more international clients are taking advantage of our depth and expertise to diversify their sources of funds.

Investment managemen

Through advice and management, IBJ helps investors arrive at eppropriate strategies for their specific objectives in markets throughout the world.

We're also well-positioned to connect you to Japan's wealth of investment opportunities. Drawing on our deep understanding of the capital market as well as on the fact that IBJ, while itself fully independent, does business with members from all of Jepan's large industrial groups, we're able to promise full neutrality and the broadest possible investment coverage.

An acknowledged leader in international finance and industrial development with a strong presence in the growing capital markets, IBJ has the flexibility, the power, and the expertise to deliver sound, economical strategies custom-tailored to your own unique requirements.



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chairman of 600 Group

Jeff Benson to become

book company. In addition, he becomes responsible for the UK-based training company. Before joining McGraw-Hill, Mr Neal was managing director of Pitman Publishing. Mr Jeff Benson will succeed Sir Jack Weilings as chairman of THE 600 GROUP on April 1. Mr Benson has been a non-executivo director of The 600 exercitivo director of The 600 Group sinco June 1983 and was appointed vice obsirman in 1984. He is a deputy chairman of National Westminster Back, a director of Notional West-minster Bank USA, deputy chairman of the supervisory board of Deutsche Westminster Bank and chairman of the Export Guarantees Advisory Council.

Mr C. G. Cepland has been mr C. C. Ceptand has been appointed finance director of STEPHENSON CLARKE INDUS-TRIAL FUELS, a subsidiary of Powell Duffryn. Mr Copland, who joined the company last January, remains company secretary.

Export Guarantees Advisory Council. Mr Celin Langley has joined COSTAIN as engineering and construction marketing and busi-ness development director for SGB group where he held board appointments responsible for three principal divisions. * Mr James Cockerum has been appointed marketing director of GRANTS OF ST JAMES'S from Januak, Der St JAMES'S from Januak, previously market-ing director of European Cellars, parent company of Grants of St Janes's. *

Mr Christopher Allanson bas been appointed chief executive officer of the PRICE & PIERCE GROUP. Formerly with the ITM Group and John Holt he takes over from chairman and chief executive officer, Mr Hugh Gilbert, who will continue as chairman until his retirement next March. The senior management team for the new NORWICH AND PETERBOROUGH BUILDING next March. SOCIETY has been amounced, to take effect from October 31 The following

SOCIETY has been announced, to take effect from October S1 when the new society will be formed by a merger between the Norwich Building Society and the Petertorough Building Society. Chafman of the new society will be Mr Bob Sutton, currently chairman of Norwich Building Society, and the chier Armstroag, currently general manager of Peterborough Build ing Society. Mr Albert Catt, currently acting general managers. Mr Ian Ward and Mr Ken Beston will be joint general managers. will be joint general managers.

Mr J. A. de Havilland and Mr R. M. O. Stanley have resigned from the board of FRIENDS' PROVIDENT LIFE OFFICE. Mr M. F. Doerr has resigned from the board of UK Provident but. conditioues as a member of tho institution's general manage-ment. Mr R. S. Bignell, the appointed actuary of UK Provi-dent, has been appointed to the board of the institution. Mr Martin Shears has been appointed managing director of ASTLEYS AND FEARCE (STER. LING).

Mr Stephen Neal, who recently Mr Stephen Neal, who recently COMPANY (UK) as managing director, has been appointed group vice president for UK, Europe, Africa and the Middlo East. Ho now has responsibility for all book company consisting the statement Dr A. A. Denten Europe, Africa and the Middlo Dr A. A. Denton and mr S. East. Ho now has responsibility K. Morgan have been appointed for all book company operations chairman and chief executive in these areas, and remains as respectively of NOBLE DENTON managing director of the UK & ASSOCIATES.

115.2 148.5 3.295 171.1 122.4 155.4 3.229 185.3 128.9 155.2 3.223 185.2 122.6 155.2 3.219 201.3 122.6 3.197 208.0 107.5 102.4 100.8 104.4 119.4 194.1 July August OUTPUT-By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average). Counser. Invest. Intend. Eng. Motal Textile House

1965	goods	goods	goods	PULLPOR	mady.	otc.	Starts"
2nd otr.	101.4	295.9	113.5	195.6	115.9	182.1	18.2
3rd gtr.	194.3	162.3	712.2	101.5	114.4	193.2	
4th qtr. 1966	168.7	162.6	113.5	103.1	III.	162.8	15.6
ist gtr.	198.5	107.6	115.3	102.2	110.5	103.1	14.2
2nd qtr.	104.1	101.9	114.2	192.5	111.6	102.9	28.0
January	181.5	102.2	114.3	162.0		102.9	12.0
February	101.4	182.4	116.3	192.0	118.0	191.0	12.5
March	163.2	103.1	115.4	192.0	118.0	103.0	16.3
April	101.7	162.5		193.0	199.9	195.6	18.7
May	162.6	101.8	112.0	102.6	112.0	101.0	18.2
June	163.9	101.5		102.8	114.0	161.0	22.1
July	104.5	102.6	115.4	104.0	113.0	102.0	21.6
August	194.6	101.9	117.0	101.0	112.0	195.0	15.6
EXTERNAL (1980-100); terms of tra	ade (196)=100);	ices of current official	export balance reserve	and i (Em); or		
EXTERNAL (1980-100):			ices of	export	and i		
EXTERNAL (1980-100):	Export	=100); Import	ices of current official Visible	export balance reserve	and i (Cm); or	mport il balan	volume ce (£m);
EXTERNA (1980-100); terms of tra	ade (196	=100); Import	ices of current official Visible	export balance reserve	and i (Cm); or	mport il balan	volume ce (£m); Beserve
EXTERNAL (1980-100); terms of tri 1985	Export volume	Import	ices of current official Visible balance	export balance reserves Current balance	and i (Em); or s. Oil balance	mport il balan Terms trade	volume ce (£m); Beserve Uä\$ba*
EXTERNAL (1980-100); terms of tra 1985 2nd otr.	Export volume	124.8	ices of current official Visible balance -124	export balance reserve Current balance +1,587	and i (Em); or s. Oil balance +2,411	mport il balan Terus trade \$7.8	volume ce (£m); Beserve U8\$bn* 14.32
EXTERNA: (1960-100); terms of tri 1965 2nd qtr. 3rd qtr.	ile (196) Export volume 120.5 116.3	124.8 124.1	ices of current official Visible balance -124 -453	export balance reserve Current balance +1,587 +1,472	and i (Em); of balance +2,411 +1,990	mport il balan Terns trade 97.8 109.2	volume ce (fm); Beserve U8\$55* 14.15
EXTERNAL (1980-100); terms of tra 1985 2nd otr.	Export volume	124.8	ices of current official Visible balance -124	export balance reserve Current balance +1,587	and i (Em); or s. Oil balance +2,411	mport il balan Terns trade 97.8 109.2	volume ce (£m); Beserve U8\$bn* 14.32
EXTERNA: (1980-100); terms of tri 1985 2nd qtr. 3rd qtr. 1986 1st qtr.	120.5 116.3 117.4	124.8 127.9 138.1	ices of current official Visible balance -124 -453 -285 -1,439	export balance reserve: Current balance +1,\$87 +1,472 +612	and i (Em); of s. Off balance +2,411 +1,500 +1,503	mport il balan Terus trade 97.8 209.2 161.6	volume ce (£m); Beserve U3\$0n* 14.32 14.15 15.54
1965 1965 2nd qtr. 3rd qtr. 4th qtr. 1966 1st qtr. 2nd qtr.	ide (1984 Export volume 120.5 116.3 116.3 118.9 117.4 120.5	124.5 124.5 124.1 127.9 136.1 128.1	ices of current official Visible balance -124 -453 -255 -1,459 -1,612	export balance reserve: Current balance +1,\$87 +1,472 +612	and i (Cm); or balance +2,411 +1,999 +1,893 +1,922 +722	mport il balan Terns trade 97.8 209.2 101.6 191.1	volume ce (£m); Uașba* 14.82 14.18 15.54 . 18.75
EXTERNAL (1960-100); terms of tri 1965 2nd qtr. Srd qtr. 1966 1st qtr. 2nd qtr. 2nd qtr. 2nd qtr.	Viable 1.966 Export volume 120.5 116.3 118.9 117.4 120.5 120.6	124.5 124.5 124.1 127.9 196.1 128.1 128.1 128.1	ices of current official Visible balance -124 -453 -292 -1,459 -1,612 -378	export balance reserve Current balance +1,507 +1,472 +612 +507	and i (Cm); or balance +2,411 +1,999 +1,893 +1,922 +722	mport il balan Ternes trade 97.8 209.2 101.6 191.1 192.4	volume ce (£m); Beserve U8\$bn* 14.32 14.15 15.54 .18.75 19.29
EXTERNAL (1980-100); terms of tri 2nd qtr. 3rd qtr. 4th qtr. 1985 1st qtr. 2nd qtr. 2nd qtr. February March	120.5 116.3 116.3 116.3 118.9 117.4 120.5 120.5 120.5 118.9	124.5 124.5 124.5 124.1 127.9 136.1 128.1 128.1 128.1 128.1 128.1 128.1	ices of current official Visible balance -124 -453 -285 -1,459 -1,613 -376 -1,505	Export balance reserve Current balance +1,587 +1,472 +612 +597 +345	and i (Em); or s. Oil balance +2,411 +1,500 +1,500 +1,522	mport il balan Ternes irade 97.5 109.2 101.6 101.1 102.4 109.7	volume ce (fm); Bererve Ušpor 14.32 14.13 14.13 14.15 14.15 14.15 14.25 14.25 15.20 15.81
1965 1965 2nd qtr. 3rd qtr. 4th qtr. 1966 1st qtr. 2nd qtr. February March April	120.5 116.3 116.3 116.3 118.9 117.4 120.5 120.5 118.9 121.5	124.5 124.5 124.5 124.1 127.9 136.1 128.1 128.1 128.2 137.3 137.3	ices of current official Visible balance -124 -453 -285 -1,459 -1,613 -376 -1,505	export balance reserve: Current balance +1,507 +1,472 +612 +507 +345 +161	and i (Cm); o: 5. 0i balance +2,411 +1,900 +1,803 +1,822 +782 +643	mport il balan Terns trade 97.5 109.2 101.6 101.1 102.4 109.7 109.7	volume ce (£m); Beserve U350n* 14.18 14.18 14.18 14.18 14.18 14.18 14.18 14.18 14.18 14.18 14.18 14.18 14.18 14.18 14.18 14.18
EXTERNAL (1960-100); terms of tri 1965 2nd qtr. Srd qtr. 1966 1st qtr. 2nd qtr. 2nd qtr. 2nd qtr. April May May	120.5 116.3 116.3 118.9 117.4 120.5 120.5 120.5 120.5 120.5 120.2	124.5 124.5 124.1 127.9 136.1 128.1 128.1 128.2 138.1 128.3 128.4 131.2	ices of current official Visible balance -124 -453 -285 -1,459 -1,613 -376 -1,505	export balance reserve Currest balance +1,587 +1,472 +613 +587 +345 +161 -606 +369	and i (2m); of s. 0i1 +2,411 +1,999 +1,993 +1,922 +722 +642 +252	mport il balan Terns trade 97.8 160.2 161.6 191.1 162.4 166.7 160.7 160.7	volume ce (£m); Beserve U8\$bn* 14.32 14.18 13.54 .18.75 13.20 13.81 18.75 13.80
EXTERNAL (1980-100); terms of tri 2nd qtr. 3rd qtr. 4th qtr. 1966 1st qtr. 2nd qtr. 2nd qtr. February March April May June	List 118.9 List 118.9 List 118.9 List 118.9 List 120.6 List 120.6 List 120.6 List 120.6 List 120.6 List 120.7	124.5 124.5 124.1 127.9 136.1 122.1 122.1 122.3 132.3 132.3 132.3 132.4 131.5 129.6	iices of current official Visible balance -124 -452 -285 -1,459 -1,255 -376 -1,205 -253 -656 -656	export balance reserve Currest balance +1,587 +1,472 +613 +587 +345 +161 -606 +369	and i (Cm); o: 5. 0il +1,900 +1,803 +1,803 +1,822 +722 +643 +252 +252 +252 +201	mport il balan Terns trade 97.8 160.2 161.6 191.1 162.4 160.7 160.7 160.7 161.7	volume ce (£m); Bererve U3pbn* 14.32 14.18 13.54 13.54 13.75 13.75 13.97 13.17
EXTERNAN (1980-100); terms of tri 3rd qtr. 3rd qtr. 4th qtr. 1956 1st qtr. 2nd qtr. February March April May June June Juny	120.5 116.3 116.3 116.3 116.3 118.9 117.4 129.5 129.5 121.5 120.2 120.7 125.6	124.5 124.5 124.5 124.1 127.9 136.1 122.1 122.3 122.4 122.3 123.4 123.4 123.4 123.4	ices of current contrict official Visible balance -1453 -253 -1,450 -1,612 -376 -1,205 -253 -666 -623 -566	Export balance reserve: Current balance Current balance +1,507 +1,472 +612 +507 +345 +151 -605	and i (Cm); o (Cm); o	mport il balan Terms trade 97.8 109.2 101.6 191.1 102.6 101.7 109.7 101.7 102.0 103.6	volume ce (fm); Beserve U350* 14.32 14.18 18.54 18.54 18.55 12.81 12.81 12.81 12.81 12.81 13.95 13.29
EXTERNAL (1980-100); terms of tri 2nd qtr. 3rd qtr. 4th qtr. 1966 1st qtr. 2nd qtr. 2nd qtr. February March April May June	List 118.9 List 118.9 List 118.9 List 118.9 List 120.6 List 120.6 List 120.6 List 120.6 List 120.6 List 120.7	124.5 124.5 124.1 127.9 136.1 122.1 122.1 122.3 132.3 132.3 132.3 132.4 131.5 129.6	iices of current official Visible balance -124 -452 -285 -1,459 -1,255 -376 -1,205 -253 -656 -656	export balance reserver current balance +1,597 +1,472 +612 +597 +345 +151 -595 +350 - 45 + 360 + 360 + 360	and i (Cm); o: 5. 0il +1,900 +1,803 +1,803 +1,822 +722 +643 +252 +252 +252 +201	mport il balan Terns trade 97.8 160.2 161.6 191.1 162.4 160.7 160.7 160.7 161.7	volume ce (£m); Bererve Užpor* 14.32 14.18 13.54 13.54 13.75 13.75 13.90 13.17

seasonally adjusted. Clearing Bank have vate (and with all

			and man		Lafe (6)	ua perio	a).
1996	340 %	M1 %	143 %	Bank advnes. 75	BS inflow fin	HP lendingt	Base Inte
and our. ard gtr.	5.1 5.5	32.4 15.4	204	19.2	1,523	2,082 3,374	12,50
4th gtr	1.4 6.5	23.1	17.8	17.7	2,299	8,431	11.50
2nd qtr. February	2.5	31.0 5.3	10.7 33.5 6.5	12.2 24.7 3.1	2,220	7,385	11.50
April	8.1 0.3	82	14.3	16.4	792 637 756	2,491 2,300 2,743	12.50
May	1.5 1.8	42.8	39.4	27.9	500 177	2,748	11.50 18.00 18.00
July August	17	29.1 18.5	18.5 11.0	15.9 17.8	387 452	2,719	10.00
September		_			-671		10.00

INFLATION-Indices of earnings (Jan 1980-100); basic materials and faels, wholesale prices of manufactured products (1980-100); retail prices and food prices (Jan 1974-100); Reutars commodity index (Sept 1931-100); trade weighted value of sterling (1975-100).

SH S	1965	Sern-	Besic	Whsale. unit:*	RPT-	Foods	Reuters*	Sterlin
	2nd qtr. 3rd atr.	178.2 174.4	128.8	129.4	375.3	229.4	1,954 1,705	78.9
of	4th gtr.	176.3	132.6	141.4	\$78.1	387.4	1,771	81.1 73.5
11 23	ist qtr. 2nd qtr.	179.1	138.6. 126.1	142.4	389.8 385.7	342.3 349.5	1,813	75.1
	ard gtr. February	177.9	121.5	146.3	386.1	348.1 343.6	1,458	76.1 71.9
at i	March April	182.4	129.4	144.3	381.6	345.2 347.4	1,888	74.2
65	May June	182.3	128.7	145.9	355.s	349.8 351.4	1,786	76.2
s.	July August	187.9	128.8	145.9	384.7	347.4	1,452	75.9 74.9
sd	September		122.9	146.7	\$87.8	348.2	1,441 1,544	71.4 70.4
7e N	A Three Your		" NOT B	sesonally	acjuste	CL.		•

+ From January 1985 includes amounts outstanding on credit carda

11

BUSINESS LAW

Mammoth task of dealing with fraud

By CELIA HAMPTON

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conduct that merits prosecution and punishment hut does not

and punishment but does not come within the common dis-honesty of basic fraud. However, the impact of many of these on behaviour is not always striking. Prosecution needs society's support, and the results on insider dealing speak for themselves. Of 94 cases re-ferred to government since 1980, only five had been prosecuted by March 1986. Tha Stock Ex-change has been vigilant, but the public will, as expressed in the public purse, has not been roused. The US Securities and Exchange Commission has a

MARKET INFORMATION

"I CANNOT define an elephant, but I know one when I see it." Fraud is itself an elephant, and it has espoused another, "dis-honesty." Law-makers, j n d g e a and writers like these elephants he-cause the common juryman can be expected to grasp the idea easily and mould it to the cur-rent moral mood. Their function is to draw the line between dis-bonourable conduct, for when there is to draw the line between dis-is to the public draw the line between dis-is to draw the line between dis-is to the public draw the line to the curve draw the line between dis-is to the public draw the line to the curve draw the line to the draw the line between disit has espoused another, "dis-honesty." whon?) remain opaque. Law-makers, jndgea and writers like these elephants he-cause the common juryman can be expected to grasp the idea easily and mould it to the cor-rent moral mood. Their function is to draw the line between dis-honourable conduct, for which the retribution may he eliability to pay damages, and fraud, for which the retribution is prison. The Theft Act provides two important crimes — theft and range of others capable of deal-ing with fraud. The intention was to draft the Act in simple language within the ordinary person's concept of stealing, etc. This, not unpredictably, has not spiracy to defraud—neccessarily and the offence—con-spiracy to defraud—neccessarily spiracy in defraud—neccessarily in a spiracy in defraud—neccessarily is spiracy in defraud—neccessarily is a spiracy in the a spiracy in the spiracy in the intervent in the spiracy in the

its working. Another simple offence--con-spiracy to defraud--necessarily involves two or more people, but has great potential to curb unacceptable cooduct. On top of these is e battery of statutory offences, such as spiracy to defined—necessarily tion is alarming. The speed of involves two or more people, passing the relevant measures but has great potential to curb unacceptable cooduct. On top of these is e battery a constitutional provision to of statutory offences, such as insider dealing, which meticu-lously and at great length define their current state to tha next

parliamentary session be such an abomination?

for themselves. Of 94 cases re-ferred to government since 1980. The public will, as prosecuted by March 1986. Tha Stock Ex-change has been vigilant, but of Lords ruling", cancelling its change has been vigilant, but of Lords ruling", cancelling its the public purse, has not been roused. The US Securities and Exchange Commission has a whole division devoted to this matter alone, but the SEC costs the US tarpayer a lot of money. There is no doubt, even in the City, that the impending tumult is likely to give a great ity opportunities for unac-tive. The law can he more than a safety net. It can guide com-material practices and promote honesty, not merely catch the malefactor once the harm is done, The Government. Parliament is the nordinary man's as a fet with the formation of the concepts are common, hut the Canada wins at the moment on charity.

malefactor once the harm is with England. The concepts are common, but the Canadian wins at the moment on clarity. and the City itself hava not Tha underlying Canadian given the change-over time or law has an advantage in the a fair chance. The result must Criminal Coda which, since be confusion. The technology of fraud has ontstripped the comprehension anyone "who, by deceit, false-

The judges could also try to come nearer to common men's thinking. In another context — bankruptcy — Mr Justice Millett's ruled that, when e credit company folds up, the unpaid supplier cannot go for payment to the cardholder's obli-direct if the cardholder's obli-gation to pay the company had The case involved a takeover, funded by the target company's assets, which replaced the target company's blue-chip stock port-folio with e much more specula-tive investment in another com-pany. This acquisition was not treated as fraud, and the court did not treat es decisive the fact gation to pay the company had not matured at the time of the at matured at the time of the insolvency: the filling station could not get money for the petrol "sold" on the card, and the driver got a free tankful of petrol. What was remarkable about this unfortunate finding— based on the timing of the various contracts—was that the judge reached his conclusion because, in his view, this con-formed to the general public understanding. He should per-haps take e walk ont of the Chancery Division into the Strand to see how many peopla would agree. He might not like tha ones who did. Clear perception of the under-lying principles is what is needed. Over-precise definition deepens obscurity. that the defendants used the target company's assets to acquire it. Takeovers often in-volve complex money movevolve complex money move-ments. If corporate funds are put at risk, there must be a lagitimate business reason for it, con-sidered from tha company's point of view. If tha risk is for personal ends, there is likely to be frand.

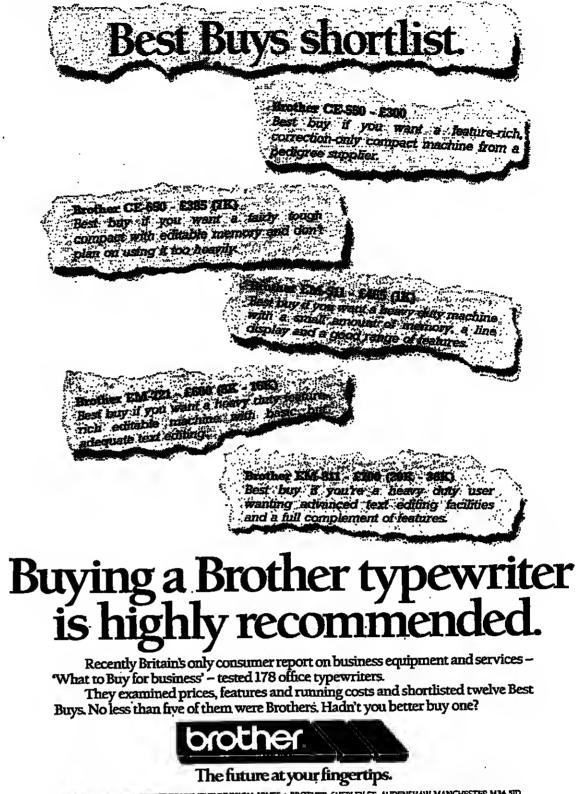
Frand involves dishonesty and deprivation. Deprivation does not necessarily entail actual economic loss. It can be prejudice to the risk of pre-judice to economic interests. An asset at risk has a lower value then on asset put of rick so

needed. Over-precise definition deepens obscurity. Tha elephant is "a huge quadruped of the pachydermate order, having long curving ivory tusks and a prehensile proboscis." Pachydermata are "an order of mammalia in Cuvier's classification (now dis-carded) consisting of the hoofed or ungulate quadrupeds which do not end with cud, such as the elephant. ... But how long is "long," and how big is "huge?". The "proboscis" itself is defined as "an ele-phant's trunk "--and so on. It is not helpful. " R v Cooks (1986) 2 AER 925. indice to economic interests. An asset at risk has e lower value than an asset not et risk, so quadruped of the pachydermate order, having long curving ivory tusks and a prehensile proboscis." Pachydermata are "an order of mammalia in order of mammalia in clarity is compelling. "Dishead of the sector of mammalia in clarity is compelling. "Dishead of the sector of mammalia in curvice's classification (now discrete the sector of mammalia in curvice's classification (now discrete the sector of mammalia in curvice's classification (now discrete the sector of mammalia in curvice's classification (now discrete the sector of mammalia in curvice's classification (now discrete the sector of mammalia in curvice's classification (now discrete the sector of mammalia in curvice's classification (now discrete the sector of mammalia in curvice's classification (now discrete the sector of mammalia in curvice's classification (now discrete the sector of mammalia in curvice's classification (now discrete the sector of mammalia in curvice's classification (now discrete the sector of mammalia in curvice's classification (now discrete the sector of mammalia in curvice's classification (now discrete the sector of mammalia in curvice's classification (now discrete the sector of matter is not sector of mammalia in curvice's classification (now discrete the sector of matter is contrary to sector is settil room for isself is defined as "an elephant's trunk"—and so on. It is not helpful. "A v Cooke (1986) 2 AER 985. "I Douglas Evert." (Classwell). The Supreme Court case is R v Olaw (1996) 3 AER 102. "R v Naveabi (1996) 3 AER 102. "R v Class Reports. June 18 1996." "I sector of matter is the sector of matter is the sector of matter is the sector of the sector of the bank, and "I sector of the sector of the bank, and "I sector of the sector of the sector of the bank, and "I sector of the sector of the bank, and "I sector of the sector of the bank, and "I sector of the bank, and "I sector of the sector of the bank, and "I sector of the ban

FINANCIAL TIMES SURVEYS The Financial Times proposes to publish a

DISTRIBUTION SERVICES SURVEY on December 5, 1986 The following subjects will be covered; Equipment Products Management. Geography

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CONSOLIDATED ASSETS AT 31 DECEMBER 1985 EXCEED US\$69 BILLION,

COMMODITIES AND AGRICULTURE

Palm oil prices leap in London, Kuala Lumpur

Nicaragua sues Standard Fruit

for \$35m over banana deal

PALM oil prices, which have fornight. Widespread earlier however, by a persistent flurry recently been recovering from claims that price manipulation of contract repurchasing by the historic lows they hit last at origin was the only culprit Philippine coconut oil shippers

26

A languing interest—par-on strong buying interest—par-ticularly from India, which is in some quarters to reach a new traditionally the biggest buyer record of well over 500,000 —and a surgs of short-covering activity. In Europe, palm reached s In Europe, palm reached s ten-month high yesterday mora-ing of \$330 per tonne, com-sage of fertiliser.

BY PETER FORD IN MANAGUA



spring, have rised above 700 seem to bove lost credence. after a prolonged shortage of ringgit per tonne week for the The Urnaround has been copra. As the coconnt oil snppers first time this year. fuelled by revised output leapt from \$310 a tonne towards Crude paim oil for delivery figures from Malaysia, the lar- \$400, paim oil refiners boosted this month closed yesterday in gest producer. Production in their fob price, widely regarded Kuala Lumpur st 720 ringgit, the peak Saptember-to-Novem- as the international benchmark on strong buying interest—par- ber season had been expected for the vegetabla oil export trade, Consumer reactions will be

crucial over the next few weeks, according to Malaysian traders, who predict that con-tinued Indian purchases could push palm oil to 800 ringgit. Hourston hour fortages which

ing of \$330 per tonne, com-pared with a low of \$180 in Angust. This is considerably better news for plantation companies, many of which have been hard hit by the depression in the palm oil market, than has been seen for some time. In Europe, traders have been watching the rocketing prica with incredulity over the past

MPs renew call for

A UK parliamentary select committee yesterday stepped up its mittee yesterday stepped up its pressure for information obout the events leading up to the collapse of the tin market, writes our Common trade and industry committee said it would demand a list of documents from the Bank of Eng land to try to determine when the Bank first knew a erisis was brewing. The move came after the committee heard evi-dence from officials on the Bank's role in talks with the UK

was demanding a memorandum from the Bank describing what advice it had given to the Government in negotiations acting up tha sixth International Tin

Agreement. • THE COMMODITY Exchange of New York (Comex) has won tha approval of the Commodity Futures Trading Commission for it to trada futures in Grade Ona copper, the principal grade produced and consumed around the world. Initially the ex-change plans to offer an in-creased premium for Grade One copper within its existing contract and only if this attracts sufficient supplies into its depleted stocks will it introits depleted stocks will it intro-duce a separate contract for Grade Ono. Comer's copper stocks have fallen from 300,000 tonnes a year ago to just under 85.000 tonnes. Only about five 85,000 tonnes. Only about five per cant of the present stock is in Grada One metal.
JAPAN imported 1,107 kgs of gold from China last month, its first purchases of the metal from tha communist republic for at least 14 years, according to Finance Ministry, reports Wanter from Takya.

Benter from Tokyo. • THE US may impose countervailing duties on flower im-ports from Colombia. Canada, Costa Rica, Ecuador, Israel, the Netharlands and Peru if a second investigation confirms the Commerce Department's conclusion, announced this week, that exports from those countries are benefiting from government subsidies in viola tion of US trads law. The The Department is scheduled to make its final determination by January 5. • TEA PRICES st Monday's

London suction averaged 147.79p a kg, the highest level recorded this year and up from 8 lats July low of 114.65n Brokers said soms of the rise Part of the surge in Brazinan demand can be attributed to a marked rise in employment levels scross the conntry, which has brought many more citizens np to the earnings level where beef can become a regular com-monant in their dist. Though has brought many more citizens np to the earnings level where beef can become a regular com-poment in their diet. Though some recovery in the Brazilian national herd is expected next year, it remains unclear whether the country will be sble to meet all its own needs Brokers said soms of the rise was only to be expected, bow-aver, as late September Sees the beginning of offerhow of naw season quality North Indian teas. There had, never-theless, been sharp gains in plainer teas, they added. **ORNET CORPORATION** has **ORNET CORPORATION** has NICKEL

LONDON MARKETS THE UPWARD trend in

coffee futures prices was halted yesterday afternoon after the Brazilian Coffee Institute (IBC) announced that it was not making further purchases of coffee on the world market at present to supplement this year's drought-hit crop. The an-nouncement made an immediate impact on the market

INDICES

REUTERS

DOW JONES

Oct, 22 Oct, 31 Mith ago Year age

1574.8 1569.4 1545.5 1701.5

Dow | Cot | Oot | M'th | Year Jones 21 | 20 ago | ago

Spot .123,28 122,27, - 116,63 Fut 121,67 121.39, - 118,99

(Base: December 31 1931-100)

MAIN PRICE CHANGES

\$1250/50

Oct. 92 + or Month 1986 - ago

(Base: September 15 1931=100)

and impact on the market and the January futures pesi-tion, which had climbed to £2,279 a tonne, closed only £18,50 up on balance at £2,217.50 o tonne. Mr Panlo Graciano, the IBC president, shid the institute was assess-ing the stitution and could In tonnes unless otherwise stated. said the institute was assessing the situation and could make further parchases if necessary. "But for the time being we are not doing any-thing," he added. He said Brazil had purchased about 600,000 bags (60 kgs each) of coffee on the London market, which will go to IBC stocks in Brazil. Dealers said this confirmation that the coffee will be shipped to Brazil should give reasters more confidence to make purchases, as previously some bad been worried that Brazil might dump its purchases back onto the METALS Aluminium Free Market

8 mtha Wolfram 29.91b. OILS

its purchases back onto the market. LME prices supplied by Amalgamated Metal Trading. Olica Occonut (Phil) |5500y 6 |9257.53 Paim Malayan 6310y 5 (223.5 Oopra (Phil) |8350 +20 5170 Soyabern (U.S.) |5155y -5169

ALUMINIUM Barley Fut. Jan. 2111.15 -0.158110.50 Melza 2144.50 -0.5 8154.00 Wheet Fut. Jan. 2110.06 No. 2 Hard Wint. 1 OTHERS Unofficial + or close (p.m.) - High/Low Cash 821-3 +3.75 816 5 months 631-2 +4.75 855/828

COPPER

5 months

LEAD

Concoa Fi. Mar. [231531] +0.8 [21674.8 Coffee Fi. Jan. [29217.6] +18.5 (2010) Cotton A Ind." [29217.6] +18.5 (2010) Cotton A Ind." [31.000 --0.18] 48.85(Gas Oil Dec. [3128.6] --4.353 128.75 Rubber (kilo) (27.000 --6.55) Sugar (raw) [3143.5y -0.25] 124 Woolfoos 64s 4070 kilo Official closing (am): Cash 817.5-8 (817-4),t hree months 829.5-30 (829-9.5), settlamant 615 (818), Final Kerb close: 828.5-8. Tumover, 14,825 ‡ Unquated. † Per 75 lb fisek. o Cents pound. * Catton outlook. v Nov-Dec. w Gat-Nov. v Dec. x Jan Feb. x Dec.

Orade A Unoffic'l + or High/Low 928-7 -1 925 951,1-5 -0,5 953/948 COFFEE

Official closing (am): Cash 324-4.5 (924-4.5), thme monthe 945.5-8 (948-3.5), settlement 924.5 (924.5), Final Korb close: 951,5-2 COPPEC: Osaler baying of the nearby posi-tions forced prices to new weakly highe, reports örexel Sumhem Lembert. Daspite some profit-coulding in the early fitemoon prices remained study until just before the close when the market declined following a statement roads by the ISC president that Brazil would make no farther robusts purchases in the near term, Standard Dash 3 months 920-5 920-5 0,25 949/948,5

Official closing (am): Cash 903.5-4 (903-3.5), three mosths 928-30 (926-7), settlement 904 (903.5), US Producer prices 62.50-86 cents per (b. Tota) tumover: 26.400 tonnes.

COFFEE Yesterday + or | Business close - Done Nov ______ 2325-3346 + 10.0 2325-3226 den _____2215-2200 + 16.6 2275-2300 Mar ______ 2215-220 - 26.6 2195-2100 July ______ 2120 - 2120 - 26.6 3190-2110 July ______ 2120 - 2120 - 21.6 3190-2110 July ______ 2120 - 21.6 3190-2110 July ______ 2120 - 21.6 3190-2110 Sept______ 2120 - 21.6 3190-210 Sept_______ 2120 - 21.6 3190-210 Sept________ 2120 - 21.6 3190-210 Sept_________ 210-210-210 Sept_________ 210-210-210

Unofficial + or close (p.m.) -£ per tonne High/Lov ash 309-10 ;43 310/305 months 307-7,5 ;+1,75 310/303 Official closing (ets): 305.5-6 (306-6,5), three months 205-6 (304-5), satisement 306 (306-5), Final Karb closs: 306-10, Turnover: 11.700 toanes, US Spot; 24-28 cents per lb.

8585-35

Official closing (om): Case 2.510-6 (2,630-40), three monthe 2.575-6 (2,590-1), settlement 2.515 (2,540). Final Kerb closel 2,578-82. Turnover: 2,208 tonnee.

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 1973
 157.14
 (163.70);
 15-day
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 1950.03
 (196.23).
 15-day
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 Jan
 15.46
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 15.46

 Futures
 opened
 unchanged
 and
 15.46
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 Futures
 opened
 unchanged
 and
 15.47
 15.77
 15.46

 end the day- unchanged, wave egain
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 but consumers
 Juns
 15.47
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 15.47

 both the nearby and towerd positions, reports Gill and Ouffus.
 fold tow px, \$/troy or
 100 troy ox, \$/troy or
 Yesterday's + of

untempered in an erratic session, with firm initial gains of over 2e in the leading of over 2e in the leading December position following a strong London showing in the morning being accelerated by stops to push the market just short of the 180c per pound level, reports Heinold. How-over, reports that the IBC president had declared that Brack would not be active as a buyer in the Immediate

US MARKETS

coffee

THE VOLATILITY of the

market remained

a buyer in the immediate future put paid to spectration from certain quarters and encouraged some quick e.Y'l in a market which had tended in a market which had tended to be thin in the first instance. Values settled just marginally below provious closing levo's at 172.58c, having escaned a determined test of 170c, to leave onlookers as berplexed as ever as to immediate move-ment forecasts. Sugar found very good support for most of the session, reaching a high of 7.10c ner nound at one woint in the March position. before massive selling intervet towards the close after the market disped below 7c eaused many large stops to be activated. Values settled 4 points from the low at 6.74c, a net loss of 12 points on the dsv. although analysis were still generally friendly towards the technical — if not fundamental — prospects for fundamental -- prospects for o sustained recovery.

NEW YORK

Oct

 COCOA
 CROWN
 <th

Close 426,1

424,0

424,8 428,5 438,6 441,8 446,0 446,0 446,0 446,0 465,5 463,0 465,5 468,0

Prev 425.2

425.2 A25.1 Oct 427.8 Dag 431.5 Jan A34.8 March 436.5 Mary 442.4 July 446.3 August 450.4 Sept 450.8 Dec 459.8 Dec 469.2 WittEAT 400.2 Conter/0 Cz conter/0

High 428.0

Ory Carso

| Close |Nigh/Low| Pr

- 5

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770/780 762/765 908/815 716/715 800/820 800/815 900/940 \$10/815 785,0

Turnover: 282 138),

750/690 915/930 925/975 938/958 945/965 772

Oot. Jan, Aprij July Cot. Jan, Apr. July BFI,

ALLIMINILIM 40,000 Ib. cents/lb

Close 118.00 117.30 117.70 118.00 118.25 118.25 119.35 119.45 118.45 High 116.50 178.50 115.70 118.90 118.50 Low 114.00 116.15 117.10 118.00 118.30 Jen March May July Sept Nov Jen March PLATINUM 60 troy oz. \$/troy oz Cioss 587.0 592.0 High Low \$97.8 \$90.0 Oct Dec 604.6 690.0 1 607.5 685.0 1 607.5 685.0 1 617.0 601.5 617.0 617.0 610.0 610.0 692.0 596.3 601.1 605.5 610.1 Jan April July Oct Jan HEATING OIL 42,000 US galions, cents/US galions Letest 41.40 42.85 44.00 44.70 43.50 42.50 41.40 High Low 42.50 41.25 43.90 42.58 45.90 43.70 45.80 44.40 44.25 43.50 42.45 42.45 61.30 41.70 Latest Hig Nov 41.40 42.5 Dec 42.65 43.9 Jan 44.00 45.16 Feb 44.70 45.46 March 43.59 44.2 April 42.50 42.45 May 41.40 43.9 SUGAR WORLD 11 11 12,000 ib, cents/ib 6.69 7,10 7,25 7,40

March May Juty Sept Dec March

Close 6.46 6.74 9.93 7.08 7.12 7.30 7.63 7.83 Low 6.70 6.90 7.07 Jan Marcis Mey July Sept Oct Jan Marcis 7.25 7.90 CHICAGO

"C" 37.500 lb.

ORANGE JUICE 15,000 Ib, cents/tb

E *C* 37,840 Ke Orthof A Prev 172,58 179,25 170,50 172,80 170,17 175,50 188,25 171,43 171,17 175,50 189,50 172,00 172,00 175,80 189,50 172,50 171,25 175,00 174,80 172,50 171,00 175,00 175,00 172,51 171,00 175,00 172,50 170,25

117.50

118,85

120.70 121.00

121.00

597.1 597.1 501,4

606.2 610.7 615.2

Press 42.60 44.10 46.92 43.91 43.92 43.91 43.91

Prev 6.33 9.87 7.07 7.27 7.38 7.52 7.52 8.25

Prev 87.25 \$6.57 56.62 56.27

18

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LIVE CATTLE 40,000 lb, cents/ib Close 57.57 56.90 56.72 56.37 55.25 Low 57.10 55.45 56.45 56.25 High 57.62 56.05 56.85 56.52 55.45 Dec Feb April June August Prev 51.95 52.10

					Feb	55.90	56.05	55.45	\$6.5
	Close	High	Low	Prev	April	56.72	56.85	56.45	56.6
Oct	51.90	51.90	51.90	51.95	June	56.37	56.52	56.25	56.Z
Nov	52.05	52.05	52.05	52.10	August	65.25	65.45	55.20	\$6.3
Dec	\$2,26	62.40	62.20	52,15	Oct	54.20	54.40	E4.20	
Jan	62,30	52.30	62.30	52.12					54.2
March	52.66	62.65	52.65	62.40	LIVE H	OGS 30,0	00 fb, o	ints/ib	
May	52.80	52.80	52.80	62,85	_	Close			
	63.05	51.06	63.06	52.90	Dec	CIOCO	High	Low	Pres
July	53.26	63.25	63.25	53.10		51.95	52.20	51.26	52,10
Sept			63.35		Feb	49,22	48.50	48.50	49.20
Dec	53.35	53.35		63.20	April	44,85	45.00	43.87	44.65
Jen	58.55	58.55	53.55	53,40	,turne	47.12	47.17	46.45	46.96
cocou	10 tona			_	July	46.72	46.85	46,40	46.7
					August	45.70	45.70	46.10	45.25
	Close	High	Low	Prev	Dec	43.25	43.36	42.57	43.20
Dec	1959	1964	1937	7951	Feb	43.15	43,36	43.15	43.17
Merch	1999	1995	1967	1993					
May	2021	2012	2000	2016	PORK B	HLLES S	15,000 <i>lb</i> ,	, cents/i	b
July .	2036	_		2096		Close	High	Low	Prev
Sept	2054	2041	2041	2052	Feb	67.57	\$7.95	66.65	67.77
Dea	2075	2085	2075	2070	March	66.62	66.80	66.65	
					May	06.55	66.65	00.00	66.50
COPPE	R 26,000	ib, centi	1/10		July	65.47	65.65	65.55	66.37
	Close	High	Low	Prev	August		00.00	64.85	65.20
Oct	60.00			59.80		62.90	63.00	62.30	62.65
Nov	60.10	_	_	60.00	MAIZE	5,000 bu :	min, cen	ta/56-lb	bushel
Dec	60.40	60.50	60.30	60.25		Close	High	Low	
Jan	60.55		-	60.40	Dec	173.2	174.0	172.0	Prev
March	60.90	60.90	60.70	00.65	March	183.0			171.4
May	61.25	61.35	81.26	61.10	May	103.0	184.0	181.0	182.0
July	61.50	61.60	61.55	61.35	July	187.0	188.4	186.6	157.0
	61.76			61.60		189.6	191.2	189.2	190.0
Sept .	62.30	61,90	61,75		Sept	190.4	192.2	190.8	190.0
Dea	62.46	_	_	62.15	Dec	794.0	196.0	192.6	193.9
net				\$2,30	March	202.0	202.2	201.6	200.0
COTTO	N 50,000		the second second		SOYABE	ANS 5,0	00 bu na	in,	
	Close	High	Low	Prev	Conta/ot	l-lib bunk	101		
Dec	47.75	48.20	47.42	47.82		Close	High	Low	Prev
March	48.30	48.75	45.00	46.5Z	Nov	487.0	489.4	483.4	482.4
May	48,92	49.05	49.56	49.10	JAR	483.4	496.4	491.0	490.4
July '	49.25	49,65	49.25	49.40	March .	499,2	501.4	498.4	496.2
Oct	50.32	50.50	50.50	60.55	May	505.e	506.0	504.5	605.6
Dec	60.80	51.17	60.90	51.25	July	509.4	510.0		
Aarch	61.25			51.62	August			505.0	509.0
darch	48,52		-	50.25		508 0	509.0	507.4	506.0
				44.40	Sept	499,0	800.4	499,6	499.0
CEUDE	OIL (LIG	HT)	-		Nov	500.4	501.2	489.0	501.0
2,000 1	18 gallor	_	rei		SOYABE	AN MEA	L 100 to	M. \$/tor	
	Latest	High	Low	Prev		Close	High	Low	Prest
0.00	15 22		16 16	10.00					

Latost (High 15.22 15.60 15.46 15.79 15.51 15.77 15.64 16.75 15.69 16.70 15.48 16.75 15.48 16.75 15.49 15.70 15.49 15.70 Low Prev 15.15 15.68 Oct 15.39 15.87 Dec 15.46 15.90 Jan 15.45 15.84 March 15.46 15.76 August 15.40 15.72 Sept 15.40 15.72 Sept 15.40 Oct 9 Or Dec Close High Low 150.5 150.5 148.5 149.9 150.2 148.5 150.5 150.7 149.5 151.1 161.5 150.4 162.2 152.8 151.2 163.0 151.0 152.0 151.7 152.1 161.0 152.0 152.0 152.0 153.2 153.7 153.1 748.7 149.4 150.2 150.7 152.0 162.2 153.0 151.7 151.7 152.0

Brazil to cut beef exports BY IVO DAWNAY IN SAO PAULO

BRAZILIAN BEEF exports are markets, and even, in some that, if voluntary slaughtering, expected to fall by up to 30 per cases, substantial shares of the based on the "gentlemen's cent this year as a consequence world contractual panalties, agreement " reached recently, of shortages an the domestic Problems of supply within which allows price rises to sup-Problems of supply within Brazil bave forced the country to buy from abroad with orders for some 250,000 tonnes already

cent this year as a consequence of shortages an the domestic market, the Association of Brazilian Meat Exporters (ABIEC) has announced. Last year, total sales of 520,000 tonnes earned the country some \$550m, a substan-tial contribution to the \$12bm trade surplus. The crisis in the beef supply for the bome market, caused by s boom in consumer spending, restocking issued to suppliers including the EEC, Argentina, and Uruguay. A continued shortfall in slaughtering earlier this month led the Government to take the drastic step of ordering federal police to covern out federal police to carry out enforced confiscation of livs consumer spending, restocking by farmers and other factors, last month provoked the Govern-ment to order a total ban on further export sales. cattle from farms around the country,

Ths

SY PETER FORD IN MANAGUA NICARAGUA has filed a \$35.5m damages suit against the Stan-dard Fruit company of the US, Mr Jaime Wheelock, the country's Agricultural Reform Minister, has announced. The suit, lodged at the San-francisco District Court, alleges that the fruit multinational uni-laterally withdrew from its Nicaraguan operations in 1982, less than two years after signing a deal to buy all Nicaraguas's banana ontput for five yoars. Minister, for and an additional a deal to buy all Nicaraguas's Mr Wheelock said. Mr Jaime Wheelock, the company solution of five yoars. Mr Wheelock said. Mr Jaime Wheelock, the company solution of the US law firm a deal to buy all Nicaraguas's banana ontput for five yoars. Mr Wheelock said. Mr Managua, an operations in the case

banana ontput for five yoars. Standard Fruit has argued that it was expropriated, and is currently claiming \$3m in insurance from Overseas Private banana ontput for five yoars. Mr Wheelock said. Nicaragua would present that it was expropriated, and is currently claiming \$3m in insurance from Overseas Private of its withdrawal that it was Steamship Company.

pliers, do not improve within days, further and more substan-

tial round-ups will have to be

Part of the surge in Brazilian

ordered.

Government and the London Metal Exchange in the period before the suspension of tin trading in October 1985. The committee also said if

tin crisis

documents

The move has been met with market appears to have been whether the country will be strong protests from exporters, only shortlived, however. The shie to meet all its own needs who face the prospect of losing authorities have now warned in 1987.

Dearer animal food forecast

BY JOHN BUCKLEY

This second largest cereal crop in history, sccording to Dalgety Agriculture. Mr Tony Petch, commercial Mr Tony Petch, commercial

Mr Tony Fetch, commercial UK cereal crop was much director, contrasted the situa-tion with that which existed in physically and nutritionally, the late spring when signalled Protein levels had been dis-tighter intervention quality appointing but this was com-standards, a 5 per cent dis- pensated by higher starch count on feedgrain support levels and the crop's greater prices and confusion over how net level of anttient should co-responsibility might work, offset some of the price all pointed to cheaper prices. co-responsibility might work, offset se all pointed to cheaper prices, increase, Consumers responded by delay-ing their May/June purchases until the expected bumper new

crops came in. But their optimism proved misplaced as drought-reduced French and Spanish crops forced up prices of wheat by fo and barley f9 more than last year. To make matters worse the cost of imported last year. To make matters reten warned. worse the cost of imported Dalgety's Grain Division feed inputs rose oven faster with the decline in sterling, terson said the UK 1986 cereal Maize gluten feed ond soya, for crop was likely to reach 25.16m example were up around £16 tonnes against 22.2m last year,

UK LIVESTOCK farmers face per tonne from this time last including wheat at 14.56m rising feed costs in spite of season. (12.03m), barley at 10.14m the second largest cereal crop Bnt there bad been some (9.56m) and oats at 460,000 (610,000),

(610,000). Early harvested wheat had promised s crop up to the higher French quality but later results from the West Country. Yorkshire and Scotland had shown a dramatic drop in pro-tein and millsbility. Countering this, specific weights had been good almost everywhere and was much higher than normal. Millers would generally bet pleased with wheat quality but Scottish consumers could have to import some French grain or increase gluten use.

Cost rises for pig and poultry feeds with higher grain con-tent, would probably slow if an expected levelling off in cereal prices materialised. However, more price rises could be on the way for lower-cereal-ratio ruminant feeds unless the weak sterling trend reversed, Mr Petch warned. Mr Patterson expected 2-2.5m

Mr Patterson expected 2-25m tonnes of British grain would be exported to Spain, split equally between wheat and barley. He noted a poor Irish crop-almost as bad as last year's-also promised a good market for UK wheat, total ex-ports of which to the EEC could reach 3.4m tonnes.

reached a tentative agreement with members of the United Steelworkers' Union at its alu-minium smelter in Hannibel. Ohio, A company official said the concessionary deal would be voted on by the rank and fila TIN Kuzia Lumper Tin Market: Close 14.74 (14.90) ringgit per kg. Down 0.06 ringgit per kg. at the plant next Sunday. If it is approved the agreement will end a strike which has been running since June 30, affecting ZINC about 1,500 workers and forced the closure of three-and-a-half of Hannibal's six potlines. High Cash 915 5 months 610 Official closic (613-4), three t 10), asttlement close: 610-1. US Prima We GOLD Gold feil \$13, London buillen opened at \$428,80 in in the afternoor a peak of \$42 \$4223,4223, in the first nine months of 1985. Exports of crude ore between GOLD BULLION GOLD AN

Alliver was fixed 2.2p an ounce highs for apot delivery on the London buillon market at 405.80p. US cent equivalents of tha fixing levels wilm: apot 561.90c, ap 9.15c; three-month 590.46c, up 3.26c; six-month 583.05c, up 3.20c; and 12-month 517.65c, up 8.70c. The metal opened at 403-404; (577-590c) and closed at 403-404; (577-573c),

SILVER

SILVER

10.000 oz.

V'ste

D8/ 182,8 184,8 184,0 184,0

troy oz

ninggit per kg. Down er kg.			ALL VIER	470.0 5,000 tro	469.0 by 02, cm	469.0 ts/troy	404.2 468,2 02
or ng.	pound), Osily price 93.20 (93.55); five-c October 23: 94.22 (9	lor October 22;	0-	Close 583.6 584.4 587.0	High Stig.5	Low	Prev 577.3 584.4 591.0
e (p.m.) — High/Low E por toine	April opened £1.50	higher but the	Jen March Mey Juty	589,9 195,0 601,5 607,0	587.0 603.5 605.5	588.0 582.0 604.0	583.9 589.5 595.4 601.0
5-6 +5 514 5-1 +9 619/603 blog (am): Cash 609-11	rolly was short-lived on once again prodomine the day volems was the warm gaiet, but the ch	ted. For most of in and conditions best brought keen	B	514.3 624.2 627.9	614.0 627.0	812.0 819.0	608.1 617.8 621.4
montha 607-5-8,5 (609.5- it 911 (514), Final Karb Tumovor 9,150 tonnee, setm: 44-50.75 centa per	sellem on to the marin ovar (2.00) wara regia call. The market le daspite current westhe remaining 30 por cant be brought ap in go Coley and Herper.	et and losses of tored eround the optimistic that, ir conditiona, the area to lift will	Stock p GB-Cs GB-Sb	rices at intia 92.48	npresent Ip per kg 98p per	hw (- kg as	-0.82). t dcw
1 ¹ 2 to \$423 ² -424 os tha n market yeatsrdey. It 28 ¹ -425 ³ and was fixed the moming and \$425 on. The matal pouched 128 ¹ -429 and e low of	Honth close 2 por tor Nov	0 178.98-198.98 0 778.90-158.50 0 184.00-181.80		RES — I. Pigs; C I.		Nov	111.70.
(fina ounce) Oct. 22	86/00 85.00 85.00 86.00 86.00 86.00	• j	LOND	ON DAIL (£100.00)	Y PRICE	Raw	
519-424 (£296-29612) 614-42634 (£227-89712) 6,60 (£297.013) 5,00 (£296,519)		int: Hov 107.65-	a toni delivery. \$5.00,	ne for	Novem augar	ber-Dec	ambur
D PLATINUM COINS	7.00, Jan 110.35-10.05 2.40, May 114.50-4.35, Sept 101.30, Nov 104.	July 118.15-6.10, 00. Seles: 335	Con-	Yest'rdy' close	Previo		
44437 (238514-39614 51491614 (215014-7544) 8-110 (27514-7544) 144814 (23314-3544) 74484 (23314-3544) 74484 (23314-3544) 0-102 (2684-7114) 8-10314 (27114-7544) 0-650 (234941-359444) 0-46204 (24941-359444) 0-46204 (24941-35944)	iots of 100 tonnes. Ba 5.76, Jan 111.40-1.16, M May, Sept and Nov u 194 iots of 100 tonnes. Old crops lound for the Hovember poel ahlpper support wild deferred positions. N trade support susorbin reports T. G. Roddick.	riay: Hov 109.25 arch 113.50-3.30, ntraded. Seles: In figuidation in tione although a svident in av grape found	Mar May Oot Dec Mar	5 par (137,8-158, 151,8-158, 155,8-158, 156,8-161, 168,8-161, 168,8-161, 168,8-161, 168,8-161, 168,8-161, 178,0-179,	4 184,4 14 4 185,4 18 2 167,8 18 9 185,2 18 0 186,8 18 0 186,8 18 0 178,0 17 0 178,0 17 0 178,4 18	4.0 158. 8.4 181, 4.4 185, 7.8 169, 2.6 169, 5.0	4 168.0 8-155.5 4-191.8 8-167.8
	WHEAT	BARLEY	21168	3,328 (2,	DUU) iota	01 60 to	Mines.

BARLEY Vest'rdy's+ or Close ____ Yesterday's |+ or Mnth | close | --Nov.... 107.05 -1.85 106.75 Jan... 112.40 -0.86 111.15 Mar... 112.40 -0.86 111.5.80 May... 114.25 -0.40 114.15 July... 116.10 -0.50 5 Sep.... 101.80 -0.55 104.00 0.50

FREIGHT FUTURES

Nov.... 104.00 -0.08 104.00 LONSOH GRAINS Wheet US Dark Northem Spring No. 1, 15 per cent How 101.75, Dec 103.00, No. 2 Soft Bad Winter: Nov 109.50, Dec 111.25, Franch 114-12 per cent: Oct 132.00, English food, fois: Oct 103.75-109.50, Nov 111,00, 112.00, Dec 112.00-113.00, Jan-March 118.50, April/June 118.25 cellism East Cosst, Meizet US No. 3 Yellow/Fmnch tmeshipment East Cocst: Oct 144.50, Sariey: English tend, tob; Jon/Feb/ March 117.00 paid East Cosst, Nov 114.25 cellisr. April/June 116.50 buyer. NGCA -- Locatical ex-farm opot prices (including oc-maponalbility levy of £3.373 s tonne): Feed barley: E Mida 108.50, N. East 110.00, Scotland 100.20, The UK monstary coefficient tor the weak beginning Mondey Octo-ber 27 will remain unchanged,

a'd 'ys cee	+ 01	Business dons	PHYSICALS - opened easier, the day and clo
184,8 186,8 186,5 184,5 184,5	+1,05 +1,69 +0,90 +1,19 +0,99	184.0	(aporta Lawie e (buyera): Spot 65.76p (66,00p) The Kuele Lum elan canta a (233.6) and Sk FUTURESIan Dec 680-870, Ja June 880-890, J Nil.

RUBBER The London merket , mst setting throughout losed guidt and uncartain, end Peat. Closing prices to 67,000 (67,23p): Nov b); Dec 66.75p (66.00p), mpur fob prices (Matay-kilo): RSS No 1 232.5 MR 20 211.0 (210.0). ndex 670. Nov 600-670, lan/March 670-680, April/ July/Sapt 552-694. Seles: OoL Nov, Deo, Mar, June STI. OÏL

in the petrojeum products market gas oil prices fell over the day on weak fundamentals. Other products

Close High Low Prev Dec 280.0 290.4 287.0 289.4 Merch 275 0 276 4 273.2 275.2 May 257.4 259.6 257.4 289.2 July 244.0 249.2 248.5 244.2 245.6 Sept 244.2 248.5 244.2 245.0 Dec 251.0 283.4 251.0 251.4 APOT PRICES—Chicago loose lard 17.60 (same) conte per pound. Heady and Harman allow ballion 580.5 (579.0) cento per troy ounce. opened firm but leter fell in this treds. Broat treding was condined elimost entirely to December. Opening prices ware firmer on news from Geneve but tell from 60c up with December around \$14.65 st the close. Oecember WTI openad 13c down on Nymes end lost a fucther 35c by 1.30 EDT-Petroleum Argus, London. AT COMMISSION --- Average fat-prices at mpresentative markets. still 92.45p per kg hw (-0.52), heep 129.56p per kg ant (-0.52) heep 129.56p per kg ant (-0.52) and (-0.52) per kg ant (-0.52) per kg ant (-0.52) (-0.52) per kg ant (-0.5 IRES - Pigment: Nov 111.70. 4. Pigs: Oct 101.40, Nov 103.50.

SOYABEAN OIL 66,000 Ib, cents/ib

Low

148.5 148.5 149.5 160 4 150.8 151.2 151.0 152.0 153.1

Low 287.0 273.2 267.4 243.6 244.2 251.0

148,7 148,4 150,2 160,7 152,0 162,2 163,0 151,7 161,7 162,0

Prev 289.6 275.2 269.2 245.6 245.6 251.4

Close High

160,8 150,2 149,8 150,2 150,5 160,7 151,7 151,7 151,2 151,7 152,2 152,8 153,9 152,1 152,2 152,0 153,2 153,7

Close High 280.0 280.4 -275 0 276 4 257.4 259.6 244.0 246.2 244.2 246.8 251.0 253.4

WHEAT 5.000 bu min, cents/60-lb bushet

CRUDE OIL-FOB (5 por barrel) - Nov.

DON DAILY PRICE—Raw auger) (£100.00), up \$5.00 (up £3.50) nne for November-December y. White auger \$164.00, up done

PRODUCTS-North West Europe Prompt delivery alf (5 per tonne)

Premium gasoline... Gas Oli..... Heavy fuel oil Napitha..... 162-164 119-120 68-70 182-124 Petroleum Argue estis ster.

GAS OIL FUTURES

Nervani, 178.6 179.6 179.4 185.0 Sales: 3,328 (2,600) foto of 60 tonnes. Tata and Lyle delivery price for	GAS O	IL FUT	UR	IS
(£189,00) e tonna for export. (fitemetional Sugar Acreement-(10)	Month	Yest'rdy's olose	+ or	Buelness Dono
Caribbean ports.) Prices for October 21: Delly price 5.61 (5.72); 18-day avarage 5.19 (5.14). PARES-(FFF per tonine): Dec 1195-	Noy	US \$ per tonne 192.00~	-4.00	127,80.97,58
1198, March 1240-1245, May 1280-1290, Aug 1317-1328, Oct 1360-1389, Dec 1925-1399.	0ec	130,75	-4.95 -4.69 3.00 +1.50	182,95-98,76 138,00-84,76 137,56-81,00 138,00
FREIGHT FUTURES				_

| Close | Nigh/Low | Prev. Tumover: 4,272 (4,282) tots of 100

760 768/76 6 919/80 794/72	7 799/800		VY F	_	
816/61	5 795/810 776/816	Month	Yest'rdy's close	+	Done
i	900/935 910/625 784		US 5 per tonne		
136),		Nov	75.00	1 - 1	74,00-72,00
Nighton	v Prev,	Jan Feb	76.00	0,60	=
Fankers	ч - —	tonnes.	tover: 31	(30)	lots of 10
785	750/820 900/830 925/978 820/966 950/970		DED @	ias	OLINE
<u>, </u>	755	Month	Yest'rdy's Olose	† or	Butiness Done
		Nov	163.00 188.00	+1.00	159,00

-Feb 1 = (0) lots of 100 Tumover: 1

Nymex hopes to launch gas futures next year BY ANDREW GOWERS THE NEW YORK Mercantile details of how this will operate.

Exchange (Nymex) bopes to put the finishing touches in the next few weeks to what would be the world's first futures contract in natural

The contract, planned to supplement the exchange's fast growing crude and beating oil futures, has been drawn up to capitalise on the process of deregulation currently underway in the US gas industry.

Ms Rosemary McFadden, the Nymex president, said in London yesterday that this was creating greater price volatility and uncertainty in gas, as it had in oil " Between 25 and 39 per cent of gas changing hands in the US is being traded on a spot basis rather than under long-term contracts," she estimated.

The idea for a gas futures contract was first submitted to the Commodity Futures Trading Commission, the official market regulator, about two years ago. But progress has been delayed by difficulties in working out an appropriate delivery system for the contract, and the CFTC has been waiting for

ms McFadden indicated yesterday that these may be close to resolution. The exchange will be seeking approval for its chosen delivery point, the Katy field outside Houston, at a meeting with major pipeline owners in two weeks' time. Details would then have to be submitted to another official watchdog. the Federal Energy Regulatory Commis-

Ms McFadden indicated

Assuming all these hurdles can be cleared. Nymex thinks It can launch the futures con-tract in the third or fourth quarter of next year. The contract would trade in units of 10bn BTUs

It is likely to be of importance only to the US industry to start with; there is very little spot trading in gas elsewhere, and an international market can only develop as fast as o network of gascarrying pipelines. In Europe, for example, gas trade is sub-ject to numerous constraints -not least that of beavy Government interference. But Ms McFadden hopes that the contract might at least



Ms Rosemary McFadden, the Nyrex president

become something of an international reference-point for prices.

The exchange is also considering the possibility of propane futures, and officials we talked in the past about the even more bizarre-sound-ing possibility of electricity futures.

More immediately, though, Nymex is preparing for the launch of a number of options

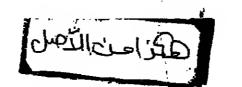
contracts on its existing futures. November 14 will see the launch of an option on crude oil futures, followed by options on heating oil futures about six months later, in time for the 1987 peak trad-ing season. The exchange authorities have also decided in principle to launch options platinum futures, which OIL have by coincidence also been trading very actively this Year.

So far this year, the exchange's total daily trading volume has averaged \$7,000 lots and on occasion it has traded more than 160,000 lots. This compares with a daily average of only between 15,000 and 16,000 lots in 1985.

On the basis of a recent survey of users of its energy survey of users of its energy contracts, Nymex is also claiming to have become more established as part of the international oil industry in the last 12 months. It says five out of the six major international oil ecompanies count among top participants (the exception is believed to be Exxon, the biggest of all), and that there is increasing invelvement in the market by

involvement in the market by investment houses.

Sales: 528 (251

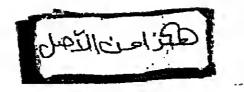


Buillion + or L.M.E. + or Fixing - p.m. -Price Unoffic'
 Spot
 408.60p
 +2.21
 403.0
 +8

 1 montha
 418.700
 +2.25
 413.6p
 +8

 5 montha
 419.765
 +2.85
 +1.55

 12 montha
 449.85p
 +4.55
 - LMB-Tumover: 21 (51) late of Three months high 415p, low 413.5p, Enel karb 413-5p. SOYABEAN MEAL Prices hald firm throughour the day on commercial and professional buying against local and optice ladge selling. Volume was good with the main intervent in the nearby positioes, mports -Muirpace.



CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES Dollar little changed on GNP

"

27

 $\sim 10^{-1}$

1.50

SFT LEASE and to YISABO from YISSIS On Bank of England figures the dollars index fell to 100.3 from 100.5. STERLING-Trading range against the dollar in 1996 is LESES to LS700. September swerage 1.4711. Exchange rate index fell 0.2 to 67.6. Compared with 75.4 six mentiss aga. Sterling did not react favourably to firmer North Sea oil prices, as a result of agreement reached to Geneva by ministers from the Organisation of Petroleum Expor-ting Countries to continue curbs on production. The view in the market ction. The view in the market

E IN NEW YORK

Beiglum Franc _____ Danish Krone _____ German B-Mark ____ Franch Franc _____ Dutch Guilder ____ Irish Punt Italian Lira Close Oct 22 Latest 1.4315-1.4320 0.66-0.64 pm 1.94-1.90 pm 6.73-6.63 pm 1.4330-1.4340 0.64-0.62 pm 1.85-1.83 pm 6.32-6.22 pm Changes are for Ecs, th Elemental Times POUND SPOT-FORWARD AGAINST THE POUND Forward pre-U.S. dollar.

STERLING INDEX

Oct. 22 Previous 8.30 9.00 10.00 11.00 Noon 1.00 2.00 3.00 4.00 ant ant ant ant pat pat pat

CURRENCY RATES

Special Drawing Rights Europein Currency Unit rate % Oct., 21. N/A 1.2183 55 (1.753.521 1.04762 1.45734 14.4404 43.2299 7.83775 2.08235 2.08235 2.35274 6.81999 1.440.47 1.62.747 7.66175 1.39.071 7.17513 1.70919 1.40.820 (1.763291 ,S, Dollar acadan S Neth Guilder 1447 A 8 72 202 iniss Franc. Irish Punt C\$/SDR rate for Oct. 22; 1.69161

THE DOILAR finished little changed on the day, after publica-tion of third quarter US gross natio-nal products growth of 24 per cent. This was in line with most expecta-tions. The implicit price dellator-showed a sharp rise of 25 per cent. Sweed a sharp rise of 25 per cent. Sweed a sharp rise of 25 per cent. However and underlined recent to 15480 networks at day is to 15039 in December. A decline in suggestions that there will be no further cut in interest rates in the near fature. Any tendency to lift the hard fairing. US comment from Mr Nichales Maldrige. US com-metree Secretary, who said that if the reset level it is inswitable the dollar will go down. Dealers will look for firther gui-send level to 57F 450. but rose to SFF 163 from FFT 451. but rose to SFF 163 from FFT 4525 and to FFF 4550 from FFT 451. but rose to SFF 163 from FFT 4525 and to FFF 4550 from FFT 451. but rose to SFF 163 from FFT 4525 and to FFF 4550 from FFT 4550 from 1045 fro In trick Secretary, who said that if the DM 2355t, and to FFr 93050 from trade deficit continues at the present level it is inevitable the dolar range 2355t, and to FFr 93050 from FFr 93555. On the other had the pound was slightly firmer at SFr 235 against SFr 2.34 and Y223 compared with Y22275. The dollars will look for firther gui-diance from today's US figures on personal income; consumer prices, and curabe goods orders. The dollar cased to DM 19845 from DM 19860 and to FFr 650 from DM 19860 and to FFr 650 from SFr 1625 and to Y15516 from DM 19860 and to FFr 650 from SFr 16255 and to Y15580 from DM 19860 and to FFr 650 from SFr 16255 and to Y15580 from SFr 16255 and to Y15580 from SFr 16255 and to Y15580 from 1995. Sprember average 14711. Sout improved from the fixing level after publication of US third quarter grapher average 14711. from DM 19835. Apart from the fixing when the dollar fin 1981 is 15555 to the dollar fin 1986 is 15555 to the dollar fin 1986 is 15555 to the dollar fin 1986 is 15555 to the dollar fin 1985. Apart from tha fixing when the dollar fin the fixing when the dollar fin the fixing the dollar fin 1985 is 15555 to the dollar fin 1986 is 15555 to the dollar fin 1986 is 15555 to the dollar fin the fixing when the dollar fin the fixing when the dollar fin the fixing the dolla

EMS EUROPEAN CURRENCY UNIT RATES

43.2299 7.83775 2.08235 6.81999 2.35274 0.763291 1440.47

1.4310-1.4320 1.9905-1.9915 3.202-3.212 59.00-59.10 10.694-10.704 1.0425-1.0435 2.634-2.8492 208.95-210.40

189.95-190.2

1965-1966 10.449-10.459 9.30-9.31 9.784-9.794 2225-2235 19.97-20.00 2.349-2.355

DOLLAR SPOT-FORWARD AGAINST THE DOLLAR

Close

LATIO-1.432

13740-13750 13895-13900 2,2425-2,2435

2,2425-2,2435 -41,25-41,35 7,47-7,477 1,990-1,9550 1,454-146 132,70-132,80 13724-13734 7,294-7,304 4,4934-6,304 4,6934-6,304 155,75-155,85 13364-13,964

1.4310-1.432

Ecs central rates

43.1139 7.61701 2.11063 6.87316 2.37833 0.764976 1476.95

Day's spread

97838 1.4295-1.4360 1.4295-1.4360 3.307-3.224 58.91-99.30 10.669-210.75 1.0395-1.0485 2.439-2.4854 2.439-2.4854 2.439-2.4854 10.469-3.05.0 10.470-3.05.0 10.470

Day's spread

1.4295-1.4360 1.3710-1.3791

3895-1.3912

13095-13912 22335-2470 41.0541.35 7.457.493 1377-13990 1454-1464 13217-13264 7.29-7.82 6.48.4514 6.824.86 155.00-155.89 16240-1.6330

Oct. 22

Netherlands Belglan _____ Desimark _____ Ireland _____ W. Germany Portugal _____ Spain _____ Horway _____ France _____ Sweder _____

Oct., 22

Beigian rate is for converta 12 month 6.33-6.23c pro

ment trust lent support

eljosted dwergen +1.01 +1.01 -0.61 -0.03 -0.34 +0.52 -2.03

Three

0000055 1.88-1.855 pm 1.39-1.255 pm 4.1-95 pm 4.3-55 pm 4.3-55 pm 4.3-56 pm 1.99-342 ds 3-9-454 pm 1.99-342 ds 3-9-454 pm 7-6-55 pm 4-9-49 pm 277-25 pm 4-9-49 pm

Three

auxits 1.68-1.85 pm 3.25-2.50 pm 0.87-0.31 ds 0.37-0.34 pm 12-15db 5.40-1.50db 0.74-0.72pm 325-425 ds 180-200ds 269-23ddr 15.80-16.20ds 4.40-4.30db 0.46-0.41 db 12gm-1db 0.46-0.41 db

<u>, 1</u>

518 836 -255 043 -303 150 -303 150 -545 -545 -242 242 205

from central rate

+0.27 +0.27 -1.35 -0.77 -1.08 -0.22 -2.47

One month

0.64-0.61c pm 0.51-0.42c pm 14-13c pm 23-14k pm 12-100 pm 0.20-0.55c pt 13-13pf pm 50-111c dis 3-5500r dis 20-2 cm pm 12-14x pm 10-99c pm 13-13c pm

cial franc 59.35-59.45. Six month fr

Que month

0.64-0.51c pm 1.15-0.70c pm 0.27-0.30c dts 0.33-0.11c pm 3.55 c dts 1.50-2.00cm dts 1.50-2.00cm dts 0.28-0.25 of pm 1.00-1.40c dts 5.10-6.50mr dts 1.25-1.45c dts 1.25-1.45c dts 1.25-1.45c dts 0.22.0.165 pm 0.27-0.32 pm 0.37-0.32 pm

% p±

5.24 2.80 6.07 4.17

126 4.31 4.62 -1.42 -1.42 -1.42 2.98 6.73 5.94 7.66

×.

524

-2.45

-1.17 -281 140 -985 -434 -487 -434 -472 -250 -241 148 -255

FINANCIAL FUTURES

US bonds shrug off GNP fears

UFFE LONG GILT FUTURES OPTIONS

96-16 96-16

10% MOTIONAL SHORT GILT CLOUDER GROS of 190%

THREE-MONTHS STERLING ASDO,000 points of 200%

FT-SE 100 LHOEX \$25 per tail index paint

Close High Low Dec 96-38 96-40 96-30 March 96-38 -Est Volame 531 (84) Frevious day's open int. 1,169 (1,169)

 Lood, abs
 Brins
 Hort,
 Low
 Pres,

 Close
 High
 Low
 Pres,
 BEL9
 BEL9

US TREASURY bond futures the figure for the fourth quarter finished above Tuesday's closing levels on the Loadon International reversion of the control of the data on third quarter to the shrugged off these data on third quarter US gross national product growth rather worrying but then shrugged off these fears. After several days of rumour the GNP growth figure of 2.4 per cent at future inflationary pressure on the figure for the second quarter trading around 9419 at the time of the data the figure, but immediately fell to third quarter growth was much as 93.0 Purther selling took the con-

Three-month Eurodollar future showed a similar reaction, opening at 93.94 and falling to a low of 93.80 on news of the sharp rise in the price deflator, before recovering to close near the day's high at 93.94, compared with 93.92 previously, as traders took a less pessimistic view of the GNP news.

December lows December long term gilts opened firm at 110-22, helped by a steady performance by the pound in early trading and an easing of cash rates on the London money market. The contract rose to a high of 111-00, but than full the plane of 110 in press contract rose to a nigh of 11-00, but then fell to a low of 110-10, in sym-pathy with the sudden weakening of US Treasury bond futures and the decline of sterling in the afternoon. It closed at 110-13 compared with 110-11 previously.

LIFFE FT-SE 100 INDEX FUTURES OFTI

Latest

Latest 93.92 93.84 93.55 92.98 92.58 92.19 91.81

Latest 235.75 236.65 237.70 238.70

STANDARD & POS SSID these index

Sept. Dec. THREE-N Sim point

Dec. Mar, June Sept. June Sept.

Dec. March Jone Sept.

High

High 93.93 93.86 93.67 93.67 93.60 92.59 92.21 91.81

236.25 257.29 236.00 251.00

93.73 94.32

Pres. 93.92 93.85 93.45 93.45 93.45 93.45 93.45 93.45 92.97 92.18 91.40

Take note

Low ____

198 93.86 93.61 93.61 93.61 93.61 93.61 93.61 93.61 93.65 93.15 92.15 92.15 92.15

235.20 236.30 237.70 238.70

Satur SYDNEY FUTURES THE LONDO INANCIAL FUTURES A 17 HOUR TRADING LINK COMMENCES 23rd OCTOBER 1986 FOR US T-BOND FUTURES 30th OCTOBER 1986 FOR EURODOLLAR FUTURES Further Information from: Further Information romp Nicola Todhunter The London International Financial Futures Exchange Ltd. Royal Exchange, London EC3V 3PJ Tet: 01-623 0444 Ext. 211

MUTUAL OFFSET

for

LIFFE/SFE

ELDERS SECURITIES

UK LTD.

Clearing members of

London, Sydney, Chicago

futures markets.

Contact:

Nigel Rawlence or Martin Belsham.

Elders Securities U.K. Limited

2nd floor, 'A' Section, Plantation Hous

31-35 Fenchurch Street, London EC3M 3DX

Tel: 01-626 4476

27

 Line
 Calis-Lesi
 Prime
 Mar.

 Price
 Dec.
 Mar.
 Dec.
 Mar.

 106
 4.45
 6.05
 0.19
 1.37

 106
 3.06
 4.51
 0.46
 2.19

 108
 3.06
 4.51
 0.46
 2.19

 110
 1.56
 3.44
 1.30
 3.12

 112
 1.00
 2.01
 4.04
 5.33

 116
 0.12
 1.28
 5.56
 6.40

 118
 0.44
 0.43
 7.42
 8.31

 1220
 0.01
 0.43
 9.59
 10.11

 Estimated wohere total, Calis 951, Pats 286
 Previous days open int.
 Calis 22,023, Pats 5,890

 Arris as inclusion remains and partners of the set of
 Strike
 Cabb
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 Print
 Last
 Print

 Strike
 Dec.
 Mar.
 Dec.
 Mar.

 1525
 9.17
 13.38
 1.42
 2.45

 1555
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 13.38
 1.42
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 1555
 9.17
 13.38
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 1555
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 1550
 9.37
 11.64
 2.12
 3.37

 1465
 3.31
 7.26
 5.56
 6.57

 1465
 3.31
 7.26
 5.56
 6.57

 1465
 3.31
 7.26
 5.97
 9.33

 1700
 1.17
 5.07
 8.95
 9.33

 1700
 1.17
 4.17
 10.92
 10.97

 Estimated volume total, Calls C. Puts 6
 Previous day's spen int, Calls 2.51, Puts 258
 Last Mar. 2.63 3.39 4.29 5.33 6.51 7.84 9.32 10.92 LONDON SE L/S OPTIC £12,500 (sents per £1) LIFFE 1/5 OFTIONS E25,000 (cents per £1) Strike Price 130 135 140 145 150 150 Nov. 13.30 6.30 3.30 0.64 0.04 volume Dec 8.70 4.05 1.40 0.45 0.20 0.20 0.70 1.94 1.94 1.95 6.90 10.45 14.99 19.69 8.70 4.50 2.00 Mar. 1.95 3.85 6.70 10.40 14.70 19.40 20.20 Divergeno Bmit % ± 1.5368 ± 1.6403 ± 1.1127 ± 1.3659 ± 1.5059 ± 1.6683 ± 4.0734 PHILADELPHIA SE 5/5 OPTIONS E12,500 (conts per 51) Calls-Last Non. Dec. Jan. Mar. 2200 12.80 2.80 12.80 6.00 8.00 8.00 8.15 3.30 3.50 4.00 4.50 0.50 1.10 1.65 2.20 0.05 0.20 0.35 1.00 - 0.05 - 0.40 3.50 5.00 1.10 1.65 1.00 - 0.15 - 0.40 0.11 0.15 1.01 0.01 5.60 5 open int: Calls 41.167 Prit 5.60 5 open int: Calls 41.167 Prit Strike Price 93.00 93.25 93.50 94.25 94.50 Previous Estimate Pats-Last Dec. Jan. 0.05 0.15 0.25 0.75 1.15 2.05 3.70 4.80 7.80 8.60 12.30 -Strice Price 130 135 140 145 150 155 160 Previou Sept. Sept. Nor. 025 240 1160 1160 Caller - Jase Mar. - Jase 0.94 * 0.95 0.73 0.67 0.54 0.57 0.25 0.26 0.15 0.17 0.06 0.10 pen int: Calls 1,3 022. 0.00 0.01 0.02 0.02 0.02 0.02 0.05 0.57 0.57 0.57 Mar. Jane 0.06 0.17 0.10 0.25 0.16 0.32 0.25 0.43 0.37 0.57 0.52 0.73 0.70 0.91 Nar. 0.60 1.75 3.60 6.30 9.90 14.20 14.20 × 518 5265 539 1364 -5.00 LONDON CHICAGO 20-YEAR 12% NOTIONAL GILT ESO,000 Sizeds of 190% U.S. TREASURY BONDS (COT) 8% \$100,000 32mis of 100% CERT. DEPOSIT (INCM) Sim mints of 100%

Lates: High Dec. 94-18 94-24 1 March 93-21 93-26 1 Sept. 91-27 92-25 1 Dec. 91-27 92-25 1 Dec. 91-27 92-25 1 Dec. 91-27 92-27 9 Dec. 91-27 92-27 9 Dec. 91-27 92-27 9 Dec. 91-27 9 Dec. 91-

18 94-18 94-18 92-21 92-21 92-21 92-21

94-24 94-24 92-25 91-11-11-1

111111 28585

1333311111

Prev. 94-22 93-24 92-34 90-30 90-05 89-14 88-08 87-24 87-10

94.71 94.70 94.55 94.29 93.95 93.95 93.59

LIFFE US TREASURY BOND FUTURES OPTIONS

October	CY MOVEN Bank of England	Morgan		to the leditional carriery. Belgian rate is for convertible france. Financial Iron: 41.45-41.55. EURO-CURRENCY INTEREST RATES								Estimated volume 140 (287) Previous day's open int. 2,766 (2,756)					164.10	
Sterling	index 67.6	Charges %	0a. 22		Short .	7 9		Cont:	Tan		Sh:		One Your		NONTH E		AR	
U.S. Dollar Canadian Colli Austrian Schül Belgian Franc Deutsche Mari Swiss Franc Guilder French Franc Lira Yen Moroan G	1093 1337 1337 974 1337 974 904 1426 1688 1426 1426 1426 1427 1310 1310 1310 1310 1310 1310 1310 1317 1310 131	+1.7 +3.2 +9.1 -5.5 +2.5 +19.7 +22.3 +19.7 +22.3 +19.7 -12.5 -16.4 +58.7 : average 1980- dex (Base average	Sterling U.S. Dollar Can. Dollar D. Galider. Sw. Franc. Deutschma Fr. Franc. B. Fr. Gfin. B. Fr. Gfin. B. Fr. Gfan. Yes. Yes. Astan 5 (Si	*	07-107 52-64 74-84 53-54 43-46 74-72 9.11 67-74 67-74 67-74 94-94 94-94 94-94 53-64	104- 52- 52- 52- 52- 52- 52- 104-	11 64 84 54 74 14 77 14 77 14 77 14 94	11-114 51-64 84-84 51-64 51-64 51-64 51-64 51-64 10-11 74-72 74-74 44-44 94-10-8 4-64	11311 85 4 45 102 5 7 4 5 9	114 64 85 552 44 45 80 1174 74 54	114-113 512-62 8.3-84 5.2-54 4.5-44 8.3-84 9.4-11 7.4-7.4 412-5 94-109 6-64		24114 2444 2452 2454 2454 2454 2454 2454	Previous BLS. TR	Close 93,94 93,88 93,89 93,89 93,89 93,80 93,80 94,80 94,84 94,24 93,277 92,277	- ML 26,3	10 (25,76	95.7 95.8 95.2 92.9 92.9 92.9 92.9 92.9 92.9 92.9
	CURRENCI	es ·	Long-te 7f2 per c Japanese	ent: five	dollars: T years 6- hars, two	S's per	CERL ROR	inel. Ska	rie years ri-berni in	77-75 ales an	e call for	US Do	uars 7 jg- diars and	Estimate	day's open	7,387 (4,4	102) 6 (5,906)	
	CURRENCI	5	712 per 0	Yen; ot	e years 6- hars, two	days' no	cent son tice.	er cent; th linel. Sha	ri-terni n	73-73 ales an	e cali for	US Do	wars 7 ją- dians and	Estimate Previous	d Volume	7,987 (4,4 int 6,48	6 (5,906)	
Oct. 22	£ 1.5660-1.5720	\$	Tit per o Japanese EXCHA	Yen; ot	cros	stays' no	tice.	linel. Ska	ri-berni in		e call for	US DA	dians and	CURF	day's open	FUTU	RES	
Oct. 22 rgentina	£ 1.5660-1.5720 2.2440-2.2475 20.08-20.20 6.9560-6.9705 191.60-194.98 -	\$ 1.0990-1.0965 1.5670-1.5685 14.02-14.09 4.8575-4.8595 130.33-133.52	7ft per c Japanese	Yen; ot	e years 6- hars, two	days' no	cent son tice.	F Fr. 9305	.S Fr.	H FL 3.210 2.245	Liva 1966 1373	C 5	8 Fr. 97.05 41.25	CURF Previous CURF POUND- Spot 1.4515	42/3 000 ENCY -6 (FORE 1-mth. 1.4253	FUTU Sen Exc 3-mth 14130	RES	12-00
Oct. 22 Oct. 22 Ingentina	£ 1.5660-1.5720 2.2440-2.2475 20.08-20.20 6.9560-6.9705 192.60-194.98- 11.1690-11.1805 108.60* 0.4190-0.4200 59.00-69.10	\$ 1.0920-1.0965 1.5670-1.5685 14.02-14.09 4.8575-4.8575 130.33-133.52 7.7975-7.7995 75.90- 0.29280-0.29300 41.20-41.30	Tri ser o Japanese EXCHA Oct 22	Yen; oti	s	olu 2.840	TES	F Fr.	.S Fr. 2,350 1,630	ties an	e cali for Ura	US DA	8 Fr.	CURF Previous CURF POUND- Spot 1.4515	Uphene day's open FENCY -4 (FORE 1.4253 TERLING Latest 1.4225	FUTU Sen Exc 3-mth 14130	RES HANGE	12-00
Oct. 22 rgentina razii namentoorg memboorg zentand	£ 1.5660-1.5720 2.2440-22475 20.08-20.20 6.9560-6.9705 191.660-194.98 11.1640-194.98 11.1640-11.1805 0.4190-0.4200 59.00.69.10 3.7630-3.7685 2.48300-2.8430	\$ 1.0990-1.0965 1.5670-1.5685 1.4.0214.09 4.8575-4.8575 130.33-133.52 7.7975-7.7995 7.5.00 0.27200-0.29900 41.20-41.30 2.8270-2.6290 1.97800-1.9640	7ft per c Japanese EXCH/ Oct 22 S	ANGE	s' 1452 1 0,504	8% per days' no S RA 0M 2.840 1.985	Cert son tice. TES ·YEN 225.0 155.8 78.52	F Fr. 9,305 6,500 3,276 41,73 10	.S Fr. 2,350 1,630 0,827 10,54 2,525	H FL 3.210 2.243	Ura 1966 1375 4921	US Do 1.991 1.991 1.991	8 Fr. 59.05 41.25 20.79	CURF Pound Pound 1.6315 Oktor Jane Sept	4 Volume day's open ENCY 1-mth. 1.4253 1-mth. 1.4225 1.4045 1.5060	FUTU Im. 648 FUTU 3-mit. 14130 Ss per 5 High 14250 14000 13900	6 (5,906) RES (4446E) (-mt)(-mt) (-m	12-mt 1.365 Prev 1.422 1.402
OCL 22 Ustralla Interd	£ 15660-15720 2048-2020 4.9560-6.9705 191.60-194.98 111490-111805 108.60* 0.4190-0.4200 59.00-69.10 3.76303.7685	\$ 1.0990-1.0965 1.5670-1.5685 1.4.02-14.09 4.8575-4.8595 130.33-133.52 7.7975-7.7995 7.5.00- 0.29280-0.29300 41.20-41.30 2.4270-2.6290	7f2 per c Japanese EXCH/ Oct 22 £ 5 DM YEN F Fr.	ent; five Yen; oti INGE 6 1 0.699 0.352 4.494	r years 6- hars, two CROS 5 1.452 1 0.504 6.419	84 per days' no S RA 0M 2.840 1.965 1 12.74	Cent son tice. TES .YEN 225.0 155.8 .78.52 1000	F Fr. 9.305 6.500 3.276 41.73	.S Fr. 2.350 1.630 0.827 10.54 2.526 1 0.732 1.196	H FL 3210 2243 1130 1439 3450	Ura 1966 1975 4921 8814 2112	US De C S 1.991 1.391 0.701 8.925 2.140	8 Fr. 97.05 41.25 20.79 254.8 63.46	CURF Pound Pound 1.6315 Oktor Jane Sept	42/3 400 42/3 400 42/3 400 42/3 42/2 14/22 14/22 14/25 14	FUTU Im. 648 FUTU 3-mit. 14130 Ss per 5 High 14250 14000 13900	6 (5,906) RES (4446E) (-mt)(-mt) (-m	12-mt 1.365

MONEY MARKETS

UK rates steady as pound eases

INTEREST RATES showed little change on the London money man-ket yesterday. In spite of the produc-tion quota settlement reached by Opec ministers meeting in Geneva, sentiment tended to weaken towards the end of the day, as ster-tion bank bills in band 2 at 10³/₂ per cent; and Some bank bills in band 2 at 10³/₂ per cent; and Some bank bills in band 2 at 10³/₂ per cent; and Some bank bills in band 4 at 10³/₂ per cent.

• • • • • • • • • •

 cent.
 Before lunch another £30m bills

 were purchased, through £4m bank
 FI LONDON INTERBANK FDONG

 bills in band 2 at 1013 per cent, and £70m bank bills in band 4 at 1013 per
 G1.00 a.m. (ct. 22) 3 monts U.S. dollars

above target of £70m. In Frankfurt call money rose to

since October 15 but revised this to 2500m at noon and to 5450m in the afternoon. Total help provided by the author-ities was 5439m. An early round of assistance was offered, and at that time the Bank of England hought £104m bills outright, by way of 26m bank bills in band 1 at 10% per cent; ff2m bank bills in band 2 at 10; per cent; f28m bank

MONEY RATES

(Lamchtime) Prime rate Broker loss rate Fed. Saids Fed. Saids at intervention.	- 7-2 Th - 64, St - 511 On	ree month nee month k manth year no year		12 Three 125 Foury 146 Fivey	year	
0et. 22	Overnight.	One Month	Two Months	Three Months	Six Months	Lombard Interventio
Frankfort Parls Zurlch Arnsterolan Tokys Nitan Brugels Dublin	435-459 7-2-12-57 5-5-57 5-5-57 5-5-57 5-5-57 5-5-57 5-5-57 5	450460 7775 94532 945375 104-114 74-75 134-134	450-4.60 77-75- 	4.504.63 7.3.712 4.44 53.552 4.34375 11-1132 71-73 134-135	4504.65 75774 	57

6 months U.S. do

Offer 6 d bid 5 12

towards the end of the day, as ster-	£76m bank bills in band 4 at 1011 per	bid 513	Offer	64	bid	5 🛱	Offer	64
ling failed to gain any benefit from the agreement. After easing to 11 ¹⁴ - 11 ¹⁴ per cent in early trading, three- month interbank closed unchanged at 115-112 per cent. Trading was order, with dealers suggesting the	cent. In the afternoon the authorities bought £179m bills by way of £133m bank bills in band I at 10% per cent: £42m bank bills in band	The fitting rates are the offered rates for SLOm oue The banks are National V Parks and Morgan Guara LONDON MONE	oued by the o Vestaninster ncy Trust.	Bank, Bank	reference b	anics at 11.0	D a.m. sach	warloog day.
market is preparing itself for Big Bang in the City next Monday, while	2 at 1012 per cent; and £4m bank bills in band 4 at 1012 per cent. Bills maturing in official hands,	0ct. 22	Over- right	7 days	North	Three Months	Şür Bilantina	One Year
conditions were also nervous abead of today's UK trade figures. The Bank of England initially forecast a market shortage of £000m, UK clearing bank base lending rate 11 per cent since October 15 but revised this to £500m at noon and to £450m in the afternoon.	repayment of late assistance and e take-up of Treasury bills drained £232m, with Exchequer transac- tions absorbing £320m; and a rise in the note circulation £100m. These outweighed bank balances above target of £70m. In Frankfurt call money rose to 4.425 per cent from 4.30 per cent, as credit conditions tightened on the draining of liquidity from the	Interformat Suerling CDs. Local Antionetry Deposits Local Antionetry Deposits Discount Markest Deposits Company Deposits Flanarce Home Deposits Treasury Bills (Day) Bank (Bills (Day) Bank (Bills (Day) Dotter CDy SDR Linicel Deposits CGU Linicel Deposits Sum	114-92 11-104 102-72 11-11-11-11-11-11-11-11-11-11-11-11-11-	11-104 104-104 104-102	111-11	114-113 114-113 114-113 114-113 114-113 114-114 114-114 105 114-114 105 114-114 105 114-114 105 114-115 105 114-115 105 105 105 105 105 105 105 105 105	114-114 114-11	11%-11% 11%-10% 11%-10% 11% 11% 11% 11% 11% 11% 11% 11% 11%

ont-mouth 10:1 per cent; three months 10]) per cent; Trestary discount 10.6728 p.c. EGBD Fixed Finance Scheme IV reference d (Inclusive): 10.355 per cent. Local Authority and Finance Houses a days' fixed. Finance Houses Bate 10 per cent from October 1, sums at seven days' notice 4.35-4.375 per cent. Certificates of 7 \$200,000 and over held under one month 11 per cent; one-three months 11 per cent; six-nice months 11 per cent; non-12 months for cent per Center Six-nice months 11 per cent; one-12 months for cent per Center Six-nice hold under Schlie 51 are cent

1	OCTOBER 1986
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ext Mono	day the London Stock available in time for the first trade after y alters the way in which Big Bang.

Nex Exchange radically alters the way in which stocks are classified.

gether with revised Gilts coverage will be the above cndes.

Reuter Monitor subscribers can have All Alpha, Beta, Gamma stocks to- access to this service from day one, using



EDITED BY CHRISTOPHER LORENZ

MANAGEMENT: Marketing and Advertising

Haw Par

28

Tiger Balm: set to create a healthier climate

Stephanie Yanchinski on a global campaign

HAW PAR Brothers Inter- tory will be a key factor in national is a Singapore-based setting it apart from competi-company with a mission---to tors," says Cheah Kok Thai, re-become a household name gional marketing manager.

different ways.

But rather than merely throw-ing money at its marketing blend of natural oils gives it efforts, the company is mount-ing a peculiarly Asian the chemical methyl salicylate, "guerrilla" campaign, based on cunning strategy and andlore which, he says, has heen linked "guerrilla" campaign, based on which, he says, has heen linked cunning strategy and endless to allergies and kidney prob-patience. Its success will depend lems after regular use. "We on one of the oldest pharma- plan to capitalise on the con-ceuticals in the world—a tinuing health craze and trend Chinese herbal ointment for all things natural," he says.

Chinese herbal ointment for all things natural," he says. invented hundreds of years ago. Long a household word throughout Asia, Haw Par today controls a manufacturing, trad-ing end banking empire whose turnover last year touched \$\$266.7m (\$123m). Like many Asian companies, Haw Par oper-ates mainly as an international raw materials supplier, and a distrihutor of foreign-made goods. Now, however, the company's market strategists want to move

aw maximular of romany's goods. Now, however, the company's market strategists want to move it out of the shadows into the limelight with its own brand mame products. Muscle rubs, such as Tiger Muscle rubs, such as Tiger and competitions Bengue and Deep Heat are powerful painkillers. When massaged in-to the skin, they penetrate the

thet is Haw Par today began in the dispensary of a Chinese herbalist in Rangoon, who con-cocted a soothing campbour and peppermint oil-based ointment for relieving pain and which he called Tiger Balm, Aw Chu Kin

called light halm. Aw Chi Kin based his balm on an ancient folk remedy invented for a lusty Chinese emperor who, as a result, suffered from persist-ont hadr pain ent back pain.

The inventor's two sons, Aw Boon Haw and Aw Boon Par, gave their names to the new company and set about develop-ing Tiger Balm into a product



For instance, some people "still ask what it is," says Oheah Kok Thai, and whether it contains "bits of tiger" or a "dash of opium." So "the In Asia the versatile Tiger Balm has soothed away arthritic pains, headaches, backaches, even flatulence. But it is athletes and health-conscious young adults who increasingly But it is first thing we have to establish is that it is not made in the backyards of Asia" and Haw Par willingly opens its factories young addits who increasingly use a rub as part of their daily workout who, it is hoped, will make the fortune of Tiger Balm in the West. The total market for analgesic ruhs is estimated to be US\$200m in the US alone. to inspection. For example, detailed analysis from Britain's Hunting-don Research Institute helped swing an agreement with Boots, the British chemist chain, to Tiger Balm is facing the problems that any pharmaceuti-cal company set on breaking

cal company set on breaking into a foreign market must overcome. So Haw Par's strategy is many faceted and involves gaining regulatory ap-proval of its product through clinical trials and research, establishing new distribution networks, and mounting an advertising commaion which advertising campaign which will not be hard sell but con-centrate on subtly reworking Tiger Balm's image. pennemers, when massaged in-to the skin, they penetrate deep into the muscle. Then the active ingredients affect the cells of skin and muscles in different wards

For instance, Tiger Balm has for long bee nstocked by pharm-acies in Continental Europea, where it has become a particu-lar favourite with the outdoor-loving Swiss and Dutch. How-ever, in the US Tiger Balm can mainly be found in Chinese dis-tricts and in health food chons. Most important are the "rubefacients" and "vaso-lators" which promote blood lators" which promote blood flow and create a feeling of warmth. These help the body deliver more nutrients and oxygen needed for sustained exercise and in the healing process. The extra blood also carries eway broken down cells and fluids such as lactic ecid, the oblest embrit in care tricts and in health food shops. Despite this, one in 10 Ameribespite this, one in to Ameri-cans already knows the product by name. So Haw Par's inter-national manager Jimmy Chang is fast building a new network

company and set about develop-ing Tiger Balm into a product which today achieves worldwide sales of US\$100m a year. While the automated factor-ies in Singapore have super-ceded a laborious means of pre-paretion. Tiger Balm still re-tains its distinctive oriental mackaging. This, along with the "leaping tiger" trademark, will play a vital role in its mar-keting. "It's exotic Eastern his-

mercials. In recent years prices mercials, in fetchi years plates have soared alarmingly and though there are no definitive figures, 18 per cent a year is said to be no exaggeration, although there has been a more recent levelling off.

Wilkins goes on: "There is a Parkinson's law that says the amount of time spent discussing costs with a client is directly costs with a client is directly converse to the sums involved. He will happily settle for, say, £1.25m on media costs (the cost of airtime) and then be deeply suspicious of a hairdresser's fee of £200 for a day's shoot." The reason is, he suggests, that it's easy to relate to a hairdresser's fee heavies one has a frame of fee, because one has a frame of reference. Not so for the (equally) supersonic media

TV ad production

"ADVERTISERS tend to look at television production costs

at television production costs rather like a cobra looks at a mongoose." So Chris Wilkins, creative luminary of the British advertising scene, sums up the running sore in every television advertiser's flesh—the spiralling cost of making com-

the British chemist chain, to carry Tiger Balm in 500 ontlets. Until then e certain suspicion of Oriental products held up discussions with Boots, says Cheah. "They pride themselves on high quality, and they weren't sure what Tiger Balm was ahout." The endorsement, from "the toughest in the husiness." took years to get, but was "essential to our credibility One insider reckons that costs of airtime have risen 25 per cent in the last year, and pro-duction costs by 15 per cent. The whole business of film making is a minefield for the making is a minefield for the unsuspecting advertiser and absorbs an increasingly fat slice of a hard-pressed advertis-ing budget. So it is necessary to grasp the fundamental issues. "The problem for advertisers is that many mann-factures are used to clearly." was "essential to our credibility in the UK," comments Cheah.

Similarly, approval from the demanding US Food and Drug Administration swung open marketing doors in West Ger-many, Scandinavia, Australia and Sri Lanka. facturers are used to clearly identifiable costs but film making is a mixture of techni-cal and creative processes with no fixed point to relate to," says Cecelia Garnett of the Advertis-ing Film and Videotape Pro-Despite its many advantages Cheah does not see Tiger Balm as an overnight sensation. "We ducers Association (AFVPA). There is a tendency, she feels, for people to confuse "I don't understand" with "it's out of have only 1 per cent of the market in the US so we're not

ready to challenge the hig boys yet." Spending on the low-key advertising campaign will control." A 30-second commercial can amount to orby a few million dolars a year, small by American standards, although it will make imaginative use of cost anything from a few thousand pounds to an average of about £80,000 and up to 5500,000, For an animation ad (as opposed to liva action), £60,000 is said to huy top

rt will make imaginative use of tools such as marathon sponsor-ships and satellite broadcasting. But he expects Haw Par's patience to pay off in a steady growth in voluma of " at least " 5 per cent a year. "Before they know wa're around we'll he there," he says. quality. Estimating the value of an ed to its advertiser is an individual matter, dependent on a number

A minefield for the unwary

Feona McEwan reports on a three-pronged attack on soaring costs

I LOVE THE IDEA OF SHOOTING THE ENTIRE 30-SECOND FILM ON THE MOON JACK -- LET ME CONFIRM WITH ERIC BEFORE WE SEE THE CLIENT



At the moment all parties are keeping mum until the publicagladly pay the "star" price and than aim to use the ads over a long period of time. tion of a report due at the end of the year.

to edopt a much more protes-sional management approach to understanding the subject, otherwise they waste money," says Ken Miles, director of ISBA. "One of the key things, though it sounds so obvious, is planning and timing." sought out the services of the film's director, Ridley Scott. That level of expertise can cost around £12,000 a day.

UK an attempt is being made to bring some order to the jungle of costing. The three factions—advertisers, agencies and production houses—have got round the table and formed a working party of their parts a working party of their repre-sentative bodies, respectively the Incorporated Society of British Advertisers, the Insti-tute of Practitioners in Adver-tising, and the AFVPA.

The idea is to examine costs, identify reasons for the steep rises and find ways of control-ling them. That sounds promisto its advertiser is an individual ing enough, though problems matter, dependent on a number will doubtless arise in imple-of factors. Beecham, for in-stance, which uses Daley an inexact science.

greater understanding, of what costs what. "Not only the television department, but the account management and tha creative teams also can't afford to be ignorant."

scia.

Chris Wilkins, creative direc-tor of Davis Wilkins, adds: "At the moment very few creative departments work to a budget on production costs. They write the script, get it approved; then find out how much it will cost. If it over-extends the clients' If it over-extends the clients' hudget, they set about ways of finding how to make it cheaper and there's a tendency to cut corners. Thet way you find yourself tackling Ben Hur with seaside donkeys and Boy Scouts. Whereas, if they started out with an agreed budget and disciplined themselves they would think of Ideas within that budget. They should understand what costs money."

Nor does a pricey commercial necessarily mean a persuasive or a memorable commercial. The industry is littered with examples of the good solid central idea and eimple, un-costly execution. The Bubik cube ad for Hamlet cigars, for instance, invoiving a cube a instance, invoiving e cube, e pair of hands and a puff of smoke, cost no more than £2,000. Similarly the Hamlet "channel 5" ad. Wilkins re-All parties are calling for a "channel 5" ad. Wilkins re-deeper understanding of the calls making three commercials complexities of film making. for Outspan oranges, 10 seconds "Advertisers and agencies need each, for £35,000.

A number of major advertisers now employ cost consul-tants to guide them through the maze of commercial production. Vyvienne Moynihan has acted as an independent consultant for three years to her hlue chip for three years to her blue chip clients after spending e lifetime making films. "There's much more to it than checking the sums," she says. "I explain to them where the brdget is going and then It's up to them to de-cide whether that's value for money, whether it will move bottles off shelves or whatever. It's important for clients to nn-derstand the basics about con-tracts, repeat fees, union rules and so on. Froduction houses, on the whole, are not greyed or cheapqueck; they want to stay in

Planning is vital because last ininute changes are hagely expensive. Many production houses cost this into their hill in anticipation of late amend-ments. The J. Waiter Thompson agency reports that clients are cheapqack; they want to stay in business too, and the agencies showing closer interest in how budgets are arrived at. The ISBA maintains that agencies, too, need to show aren't rip-off merchants. It helps agencies and clients to have an expert handling a specialist joh."

GROWING OLD

Thompson, the decathion cham-pion, for its Lucozade work, will

If an advertiser is set on special effects, the cost must be accepted, Barclays Bank, which wanted an ad reminiscent of the futuristic Blade Runner film,

Now for the first time in the planning and timing." Trying to cram a six-week commercial into three weeks clocks up huge overtime hills, for instance. Deciding in January you need an English countryside scene for screening in July could take the shoot to New Zealand and so on . . .



He gave years of outstanding service. Be sure your gift does the same.

Whether it is to commemorate, motivate or simply say thank you, a business gift should not be chosen lightly.

As well as carrying your company's good wishes, it carries your company's good name.

You can choose a Parker with confidence,

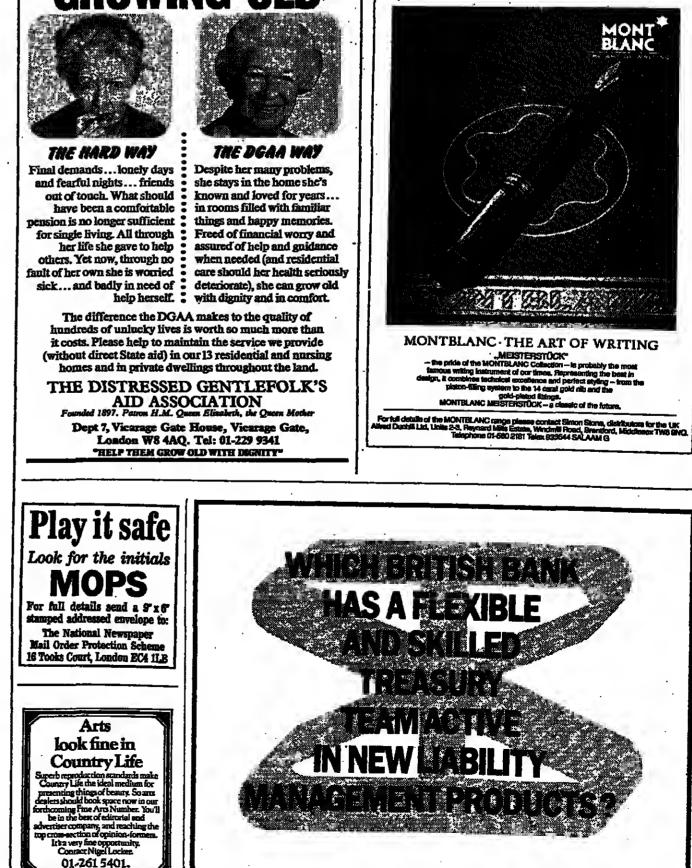
Every Parker is carefully crafted to last for many years. To make sure we subject every one to a rigorous programme of testing and inspection.

And we will mark the pen with the same care and skill with which it has been made.

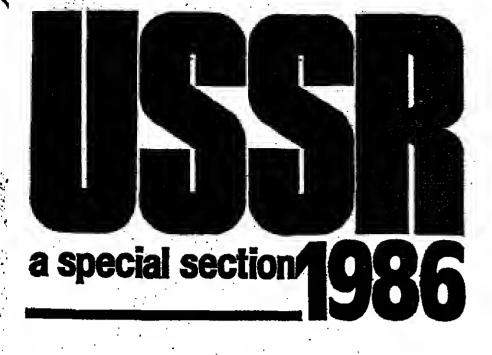
We can add your company's corporate identity to either the crown or clip. To personalise it we can engrave initials on to the barrel by hand.

Your investment will not be written off, but written with. For full details send your business card to Pauline Wickham, Parker Pen (UK) Limited, Newhäven, East Sussex BN9 OAU or phone on 0273 513233 Ext. 150.

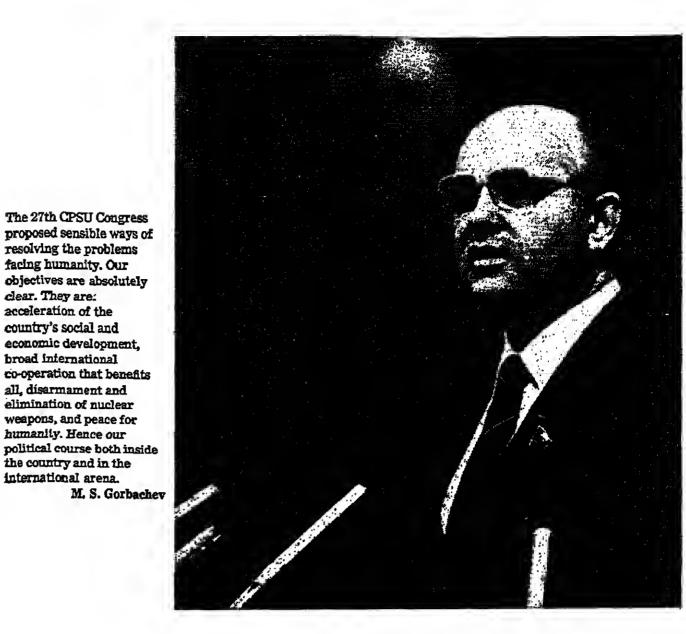




Financial Times Thursday October 23 1986 ADVERTISEMENT



Lines of economic intensification in the 12th Five-year Plan period



Extracts from report by Nikolai Ryzhkov, Chairman of the Council of Ministers of the USSR to the 27th Congress of the CPSU

loads, etc., will hold a notable plece. The scale on which these methods are explied will be intervented that will undoubtedly yield e big economic effect.
 Another avenue is eutomation and mechanisation of production that will radically transform work places and make the job of the intelligentsia more productive. That is one of the principal social objectives that the Party social objectives that the

It is intended to substantially reduce materials consumption in social production through the large-scale application of econ-omical types of metal products, plastics, and other progressive materials. In the course of the flue waves their autout is to in five years their output is to in-crease by more than 30 per

The scale of infroducing flew machinery and technologies out-lined for the five-year period as a whole will ensure a more than 65 per cent growth in the productivity of social labour and will reduce production costs in industry by 28 billion roubles,

Mutual interest

2 YEAR/50,000 MILES

WARRANTY Whichever is the sooner.

TRY ONE FOR SIZE

cent, as compared to an increase As far as foreign economic of only 6 per cent in the pro-ties are concerned it must be duction of traditional materials. pointed out that being faithful

clear. They are:

IN THE 12th five-year plan period we intend to extend the nse of progressive technologies basic to each industry by 50 to 100 per cent. Fundamentally new production methods, for instance membrane, laser, plas-loads, etc., will hold a notable plece. The scale on which these methods are explicit with the developed that will undoubledly yield e big conomic effect. Another avenue is eutomation

to call, in the future, a World orientation of our exports, and Congress on Economic Security to increase the share of the to discuss all that encompesses international economic reletions. Foreign trade is making a tangible and ever increasing contribution to the development of our economy. There is now practically no branch that has been left out of the sphere of foreign economic relations. But it is impossible to advance rapidly by traditional routes. The first thing to do is to change the raw materials

manufacturing industry in them. This takes time, of course, but work in this area must get off work in this area must get ou the ground alreedy in the 12th five-yeer plan period. The ministries, associations and en-terprises bave to be orientated towards building up the com-try's export potential, and to regions the quality and comraising the quality and com-petitiveness of machines and equipment, and other manufac-tured goods.

Measures to fundamentally improve foreign economic activities

The Central Committee of the and departments in their Communist Party of the Soviet foreign economic relations, Union and the Council of It will be chaired by a deputy Ministers of the USSR have Chairman of the Council of Ministers of the USSR and inministers of the Council of It will be chained by a deputy inisters of the USSR have Chainman of the Council of streamline the management chude the top officials of the foreign economic relations" leading Ministries and depart-ind "on measures to stream-ne the management of econo-ic, scientific and technological and line

from the Foreign Trade Bank of the USSR. The economic responsibility of individual and amalgamated factories for failing to meet planned export targets or conract

Individual and amalgamated countries np to the year 2000, factories now also have the in part, research, design and right to draw currency credits experimental work to be carried jointly with organisations of CMEA member states and an exchange of scientific and technical documentation on mutually agreed conditions.

All revenues accumulated as a result operation will be in full posses-sion of enterprises (except for small deductions to sectora Ministries). Currency revenues of individual and amalgamated factories are not to be with drawn by superior organisa-In relations between socialist countries it is planned to use on e large scale such forms of cooperation as joint enterprises which can be built in the USSR and other countries on the basis of common property as well as national amalgamations organisations where international and where national property is preserved but joint activities are exercised on the basis of coordinated on common plans. Joint enterprises will fully operate on a self-supporting asis and will be economically independent organisations vested with broad powers in the sphere of export and import operations, setting of prices for their products, signing of con-tracts, etc. Profits of auch enterprises will be distributed between their participants proportionally to their contribu-tions to the chartered fund. Joint enterprises will operate in the system of the Soviet economy and will be guided by Soviet legislation, labour and social standards for Soviet citizens. Provision is also made for a new order of detailing Soviet specialists to the CMEA member countries within the framework of direct relations. This order will considerably ease organisation of business trips, since their expediency will be decided directly by man-agements of individual and amalgamente factories. The above measures broad opportunities for acceler-ating the process of socialist economic integration and further deepening of produc-tion, scientific and technical opoperation within the framework of the community. Provision is made for the development of new forms of pnomic relations with firms in the capitalist countries, in-cluding scientific, technical and production cooperation and esablishment of joint enter-prises. Applying new forms of economic relations, the Soviet State will proceed, in its relations with foreign pariners, from principles of mutual advantage and guarantee respect for their interest and rights. At the same time the State will undeviatingly pursue the prin-ciples of State monopoly on foreign economic activities and unconditional observation Comprehensive Programme for unconditional observation of scientific and technical pro-Soviet laws and standards by gress of the CMEA member foreign partners.

There's a Lada to suit everyone's motoring needs.

Three stylish, economic Riva saloons. Two spacious yet comfortable new Riva estates. And the go-anywhere 4 wheel drive Niva.

Each model has plenty of room for five adults (and all of their luggage), plus an amazingly

high

:7

standard of features. And every last one is covered by a 2 year or 50,000 miles (whichever is the sooner) full parts and labour warranty.

It's an unbeatable range. And it's unbeatable value for money. See local press or Yellow Pages for your nearest dealer.

> Lada Cars, Satra (G.B.) Ltd., Carnaby Industrial Estate, Carnaby, Nr. Bridlington, N. Humberside YO15 3QX. Tel: (0262) 678011.

NÍVÁ

cooperation with SOCIALIST countries."

The decisions provide for The decisions provide for major measures to be effected in these fields, which will be part of the current overhauling of the Soviet economic machinery in keeping with the deci-sions of the 27th Party Concost-accounting and

The Soviet Union over the The measures aim to post-war period has gained The measures aim to post-extensive positions in the world more incentives for manufec-extensive positions in the world more incentives for manufec-tive to the stepped up its turers to make highly-effective for export and use market and stepped up its turers to make highly-effective foreign trade with socialist products for export and use countries.

Many-sided trading and eco-homic relations have also been As of January 1, 1987, over formed with developing nations 20 Ministries and departments and western countries. Particl. of the USSR as well as 70 major partion in the international divi-sion of labour bas become an ever more important factor for Series dementions dividements the state of the trading structure of the trading and analgamated the state of the trading and the state of the state of the trading and the state of the trading and the state of the trading and the state of the state

revolution.

revolution. The Soviet Union's share in world trade does not corres-pond to its achieved level of development and the require-ments of its economic growth. The export potential of the manufacturing industries, most notably mechanical engineer-ing, is being used unsatisfac-torily and transition to broad cooperation in science, techno-lary and production is ton slow. Those individual and amal-gamated factories that are yet without the right to enter foreign markets will export and import products on e basis of contractual relations with the Foreign Trade associations of the Ministry of Foreign Trade of the USSR and other Minis-trias and deneritments ogy and production is too slow. tries and departments.

The evailable situation has sheped largely due to the out-dated methods of managing more economic incentives to individual and amalgameted dated memory of managing foreign economic sotivities and disunity between industry and foreign trade, with individual and amalgamated factories having actually been left out of direct paradipation in foreign economic activities and factories and increasing their foreign economic activities and socialist economic integration. actions.

Under the just-adopted reso-lutions, a State Foreign Economic Commission has been set up under the Council of Minis-ters of the USSR, with the aim of improving the management of foreign economic activities and achieving closer coordinaforeign trade organisations. tion between ministries, depart-ments and organisations, which maintain trade, economic, finan-cial, scientific and technological relations with foreign countries, tories and organisations will be in their work. The Commis-included in the import plan sion's functions will be to direct fully and made as a matter of the activities of the Ministries priority.

acuviu

The planned measures to up-grade foreign economic activi-tics are in the mainstream of curred in these cases with measures being undertaken in currency resources from their the USSR to increase consider-ably the rights and responsi-litics are finding and responsi-tivity of individual and responsi-tivity of individual and responsi-litics are finding and responsi-litics are finding and responsi-tivity of individual and responsi-tivity of individual and responsi-It is planned to ensure e transition from primarily trade bilities of individual and amal-gamated factories and transfer them to the basis of complete

relations to deep-going produc-tion specialisation and co-operation in economic relations between the socialist countries. self

The entire work on cooperation will be based on the Comprewill be based on the compre-bensive Programme for scien-tific and technical progress of the CMEA member countries up to the year 2000. Provision is made to amplify the concept of developing foreign economic materians between the JISSR import resources more ration-

relations between the USSR and CMEA member countries, which should become the basis for concerting the long-term economic policy and coordination of state plans. Five-year and annual plans of economic and social development for Ministries and departments of the USSR, the Councils of Ministers of Union Republics will contain targets on volumes of foreign economic relations with special assignments for relations with the CMEA member countries

Soviet individual and amalga-meted factories are granted extensive rights to develop direct relations with enterprises and organisations in other CMEA member countries. They will independently tackle all ques-tions of co-production, includ-ing definition of areas and con-crete aims of cooperation, phase of neutrons in CMEA tions will exercise control over foreign trade transactions with a view to ensuring the general interests of the state. Those individual and amalchoice of partners in CMEA member countries and execu-tion of deliveries under co-production agreements. They

will also have powers to sign economic agreements and contracts for the delivery of goods and rendering of services per-taining to cooperation and With the aim of providing development of production, to define economic conditions of cooperation and to agree prices for cooperated component parts and services rendered.

independence in expanding ex-ports and updating their pro-duction facilities, currency de-duction funds will be estab-lished at these enterprises for gamated factories and organisa-tion facilities in the stabtions can plan, together with their partners, cooperated profunding foreign trade transductions, providing, shove all, These funds may be used to for designing and development of advanced technology, conbuy the machines, equipment and materials needed for restruction of new and re-tooling

tooling and modernisation of operating capacities and agree on listed products and schemes, research and development efforts and other activities volumes of export and import either independently or through deliveries of goods under coproduction. Such purchases in accordance

At present they have broad with applications from individual and smalgamated fac- opportunities for direct partici-tories and organisations will be petion in implementing the included in the import plan

ADVERTISEMENT

Financial Times Thursday October 23 1986



eco

effective.

THE 27th CPSU Congress which took place in February-March this year worked out a strategic were set for Soviet foreign trade to the 27th Congress new tasks were set for Soviet foreign trade in accordance with which course directed at transferring to the economy a greater degree "there should be a large-scale, forward-looking approach to mutually advantageous econo-mic relations. In setting the aim of actively using foreign of organisation and effectiveness with the aim of accelerating the country's economic and social development.

30

An important place in the realisation of this process is allotted to the Soviet Union's allotted to the Soviet Childra foreign economic ties, which have echieved e significant development in recent years. The volume of the USSR's foreign trade in 1985 stood at 141 billion roubles which is three times the 1976 level.

Naturally, the highest rates of development are in the USSR's trada with socialist countries and, first and fore-most, with the CMEA countries. Tha share of these countries in the USSR's foreign trade is over 50 per cent 50 per cent.

Our relations are also grow-ing with trade partners among the developing countries of Asia, Africa and Latin America. In the 11th five-year plan our trade turnover with them grew nearly one and a half times and added up to 17.3 billion roubles in 1985, or 12.2 per cent of our annual foreign trade turnover.

At the sama time the Guidement of Soviet-British business links over the past five-year At the sama time the Guide-lines of economic and social development of the USSR for 1986-00 and for the period up to the year 2000 envisage development on the mutually period one can point out the following: development on the mutually beneficial and an equitable basis of stable trade, economic and scientific-technological links with interested capitalist coun-tries and perfection of forms of cooperation with them.

In the past ten year period (1976-1985) the volume of tha USSR's trade with the industri-ally developed capitalist coun-tries increased from 18.7 billion roubles to 37.8 billion roubles, that is more than doubled. that is more than doubled.

In the Political Report of the

The development of Trade and Economic relations between the USSR and Great Britain

by V. M. Ivanov, Trade Representative of the USSR in the UK

tasks. In June the chairman of of development of the economy tha State Agro-industrial Com- of the Soviet Union in the 12th mittea of the USSR, V. S. five-year plan period. Murakhovsky, visited Britain.

Jurakhovsky, visited Britain. It should be pointed out In the course of his visit a that the prospects for Sovietmemorandum was signed with Mr M. Jopling, the Secretary for Agriculture, Fisheries and Food, on mutual understanding between the State Agro-industrial Committee of the USSR and the Minister of USSB and the Ministry of Agriculture, Fisheries and Food of Great Britain on cooperation in agriculture and the produccutting computer - controlled lathes and processing centres, and of domestic electrical, photographic and radio-techni-cal equipment. tion of foodstuffs.

The new Programme for development of economic and industrial cooperation between the two countries, initialled during tha 13th session of tho Soviet-British Intergovernmen-tal Commission in February 1986 and signed on July 15 the same year during the visit of As regards the imports of British goods, at the moment tha Soviet foreign trade organ-isations are negotiating with British firms on the possible purchase of sets and single pleces of equipment, including those on a compensation basis, for the construction of pars and same year during the visit of Soviet Minister of Foreign Affairs E. A. Shevardnadze, can for the construction of new and modernisation of existing enterserve as a good reference point in this work.

It, in particular, envisages: -co-operation in construction, expansion and modernisation of industrial enterprises in Britain and the USSR;

competitiveness of the British offers, on technical, commercial and financial conditions. In order to secure tha future

In order to secure the ruture development of business links between our countries Soviet organisations and British firms must more actively study each nd British firms:

-a further broadening of the other's opportunities. mutual exchange of goods and services. is played by the British-Soviet Chamber of Commerce (BSCC), which marks its 70th anniver-

Listed in the appendices to this Programme are prospective directions of cooperation, in such branches of industry as machine-building, machine-tool Yat another means of strengthening business contacts is the participation of Soviet organisations and British firms in exhibitions and fairs held in construction, the gas and oil industries, chemical and petro-chemical, timber and pulp-and-paper, light industry and tha agro-industrial complex, between Soviet organisations and British firms, drawn up with regard for the basic trends Neftegas' and 'Plasmex' were held successfully in Moscow.

Mrs P. Fenner, partiamentary secretary at the British Ministry of Agriculture, Fisheries and Britisb trade to a significant extent are connected with an Food, attended the official openexpansion of exports to Britain ing. At the beginning of 1987 it is planned to bold a second such exhibition in the USSR. of Soviet machinery and equip-ment, manufactured goods and materials, including new models of cars, tractors, metal-

A significant role in this work

The International exhibitions

sary this year.

both countries

In our view these events will facilitate a closer cooperation between Soviet organisations and British firms Business circles from both

The British exhibition Brita

groprom,' first put on in the USSR in February 1985, received favourable, reviews.

countries note with satisfaction, positive changes in the develop-ment of trada and economic relations between the USSR and Great Britain.

Tha Soviet Union comes ont for an expansion and deepen-ing of trade, economic, indus-trial and scientific-technological trial and scientific-technological cooperation with Britain on a stable, long-term and mutu-ally advantageous basis. For all this it is absolutely clear that development of such rela-tions with Great Britain, as with other capitalist countries, is only possible in conditions of a stable peace. That is why a most important prerequisite for us, as for all bonest people on our planet, is tha struggle for peace to which a paramount importance is attached in the Soviat Union. prises—in the chemical, oil, petro-chemical, gas and car industries, machine-building and othar branches, and also in the agro-industrial complex, to a total of around 1.5 billion publics. The eutropy of these roubles. The outcome of these talks largely depends on the Soviat Union

As the Political Report of the Central Committee of the CPSU to the 27th Congress pointed out: "The main trend of struggle in contemporary conditions consists in creating worthy, truly human material and spiritual conditions of life for all pations, ensuring that our planet should be hahltable, and in cultivating a caring attitude towards its riches, especially to man himself—the greatest treasure, and all his potentials. And bere we invite the capitalist system to com-pete with us under the condi-tions of a durable peace."

V/O Licensintorg on the **World Market**

Analysing the current develop-

mic contacts to speed up

by V. V. Ignatov, General Director, V/O Licensintorg

THE Soviet Union has a well In the Soviet Union, opera-established international repu-tation in various fields of trade are mostly handled by science and technology. There the Soviet Foreign Trade Asso-are more than five thousand ciation LICENSINTORG which research institutions in the Soviet Union which are filled The association comprises

Soviet economy and in the economies of the countries from which its partners coma from

soviet Union which are filled The association comprises mic integration LICENSIN-with about one and a half nine export/import firms which TORG promotes business rela-million scientists and research- promote most diverse links tions with specialised foreign-ers. Every year tens of between Soviet organisations trada organisations in the thousands of inventions are and their foreign mathems exclusions trada organisations in the

The most important event of recent timas in the sphere of British-Soviet relations was the official visit to Great Britain in December 1984 of the delega-tion of the Supreme Soviet led by M.S. Corbacher mic cooperation. circles

At the talks, beld during the visit, between M. S. Gorbachev

conntries grows with each pass-ing year. Among the more active partners of the association one can also name a group of large and medium-sized companies and medium-sized companies from Italy, France, West Ger many and Japan. Next we should turn to our many and Japan. Next we should turn to our relations with American parts from Italy, France, West Ger and needing states from Italy, Frances in many Soriet industrialises attracted by the structures in many soriet indus-structures in a soriet-structure indus-structure indus-structures in a sori Under the comprehensive the Soviet-designed evaporation has purchased a technology for ore than One of the leading machine-building companies in Japan, Tsukishimi Kikai, has booght rights on manufacturing and solling FPAKM pressure filters in Japan under a Soviet licenca, More than 250 such filters have designing mass - transfer columns for industrial air everseparation plants. A number of licences on the production of licences effective medicinal drugs have been bought by Dn Pont, Bristol Mayers, American Home foundapanies. In fact, our cooperation with The programma of this coopera-foreign companies in such a tion is scheduled for 15 years. duction of drugs and medical equipment deserves species ific and More than 250 such filters have been bought from it by he latest Japanese municipal councils to be used at water treatment sts and socialist plants. Pressure filters manufactured under a Soviet licence account for a considerable share of the production pro-gramme at e plant belonging to the West German concern Hoechst AG which itself is attention. known in many countries as a manufacturer of various pres-sure filters. A similar heence is being successfully exploited by the Finnish company Larox. the Finnish company Laror. The past few years have seen the signing of four licence agreements providing for the handover of the Soviet tech-nology of hlast plating and for the delivery abroad of appro-priate equipment under those agreemants. Tha first such agreement was signed in 1982 between LICENSINTORG and the West German company Ferrostahl. Among the other

our development we have in mind a step-by-step restructur-ing of foreign trade, of making our exports and imports more effective." This task fully relates to our trade and economic rela-tions with Britain, which is one of the principal trading partners of the USSR among the West European countries. Soviet-British trade and economic relations have a long-standing tradition. The first trade agree-ment between our countries was concluded as far back as March 1921. Since then trade and economic relations between March 1921. Since then trade and economic relations between the USSR and Great Britain have followed a complicated path of development, experi-encing many ups and downs, serious complications and periods of activity, but by and large this cooperation grew positively and reflected objective demands and possi-bilities of our countries. Analysing the current develop-

Tha signing, by Eduard Shevardnadze, Soviet Foreign Minister, and Sir Geoffrey Howe. Secretary of State for Foreign and Commonwealth Affairs, of the USSR/UK Economic and Industrial Co-operation Programme for the period 1986-1990

Over the period 1981-85 Chelyabinsk gas pipeline, trade turnover between tha USSR and Great Britain cama to nearly 9 billion roubles (exports 5.3 billion, imports 3.7 complete set of equipment for two methanol factories in Tomsk and Gubakha and also equip-ment for the Urengoi-Uzhgorod gas pipeline. hillion), exceeding the volume of trade for the preceding five-year period by 1.2 billion roubles.

On the whole, in the period of the 11th five-year plan machinery and equipment worth over 1 billion roubles was sup-piled from Great Britain to the USSR, including gas-pumping assemblies for the Surgut-

by M. S. Gorbachev.

and UK Prime Minister Mrs M. goals, both Soviet organisations Thatcher, other ministers and and British firms should exert also heads of leading British a lot of effort in the direction

companies, much attention was of activating work on the mar-devoted to the question of kets of both countries, raising the future development of the competitiveness of their Soviat-British trade and econo- proposals.

A coocrete appraisal of the prospects of expanding Soviet-British trade was given by M. S. Gorbachev in London to rep-resentatives of British business circles

A coocrete appraisal of the mospects of expanding Soviet. British trade was given by M. S. Gorbachev in London to rep-resentatives of British business threles, In order to realise projected set of the constant of the constant set of the constant of the

thousands of inventions are registered in the USSR. Posses- sing such a powerful and diver- sified research potential, tha Soviet Union takes an active part in international coopera- tion. One of the most dynamic forms of such cooperation is trade in new scientific and technical ideas on a commer- cial basis and, first of all, on the basis of licence agreements.	Over these 25 years the asso- clation has concluded more than a thousand export and import agreements and con- tracts with numerous firms from 40 countries. By exchang- ing licences, know-how and other proprietary rights on a commercial basis, LICEENSIN- TORG helps tackla crucial problems of both universal and	cation and serves as a tion for fruitful scienti technical co-operation number of licences on th inventions by scientist
the basis of licence agreements.	particular character in the	engineers from the s

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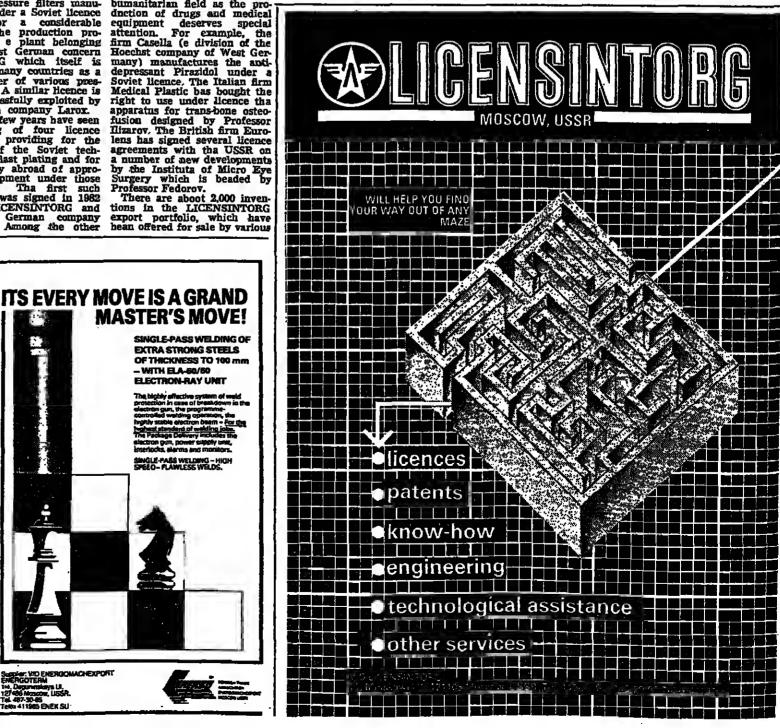
manufacturing new capacity converters charge with a high content (of up to 100 per cent) of metal scrap. These con-verters designed by Soviet en-gineers are twice as efficient

times works through joint-stock highcompanies set up together with a foreign partner or partners. using The first such venture was that Technicon society formed in co-operation with the Italim-planti company in Genoa, Italy in 1978. A similar society called Technounion was set up in Essee, the FRG, with the local company Ferrostahl. The objective of this latter venture

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tralia appreciably broaden our trade opportunities.

The terms of our licence agreements are in line with the terms used in the world practice of liceoce signing agreements with foreign partners, we proceed from the principle of mutual benefit and take all the necessary measures to ensure strict observance of their terms.



by us truly guarantee reliable, prolonged performance of Soviet-made machinery V/O ZAPCHASTEXPORT – Sole Exporter of spare parts and assemblies for Soviet automotiva vehicles, tractors, agricultural machines and implements, and road-construction machinery V/O ZAPCHASTEXPORT -- of well-proved reputation wherever Soviet cars, trucks or tractors run - in 109 countries on 5 continents world-wide V/O ZAPCHASTEXPORT - deliveries of exclusively high-standard spares from the USSR on convenient terms, strictly on time, exactly as required, to anv address. The Association's annual tumover steadily exceeds 1,000 million rubles. 19245 ARUB DAAAN

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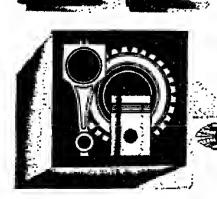
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The British-Soviet Chamber of Commerce and its role in British Trade with the USSR

BY SIR JOHN MAYHEW-SANDERS PRESIDENT OF THE BRITISH-SOVIET CHAMBER OF COMMERCE

nations goes hack several hundred years before this. There is a letter written by Tsar Ivan the Fourth (Ivan Grozny — Tha Terrible) in Grozny — Ina Terrible) in 1555 to Queen Mary welcoming trade and allowing English merchants, who had already started trading in Moscow, to tarry there. The first Russian Ambassador arrived in London

in 1557 (perhaps an carly example of the flag following trade) and to this day there is a church near the Rossiya Hotet in the centre of Moscow which is still known as the Anglisskoe Podvore — tha English Church — that goes back to those days and was used by the first English merchants.

An achievement

In terms of 20th century trade, 70 years' continuity is, of course, no mean achieve-mean. We are genuinely a joint British and Soviet organisation with 57 Soviet Foreign Trade Associations and other Soviet organizations as members, alongside some 550 British comalongside some 550 British com-panies, covering all types of British-Soviat trade, it is neces-industrial and commercial sary to understand the foreign activity throughout the UK. We trade system of the USSR and exist, to use the words of our Articles of Association, "to Chamber constantly to keep our promote, extend and develop" members informed of any trade between tha USSR and the UK, both import and export. In the Soviet Union access to We are not a political organisa-tion and are entirely dependent from that in the West and any upon membership subscriptions successful sales effort must

ing. During the past 70 years the Chamber has spanned momen-tous events and has played no small part in tha flow of trade affairs between the two nations. In the early days we played an active role in getting the first trade agreement signed in 1921 between the UK President of the Board of Trade (at that time Sir Robert Horne) and Mr Krassin on behalf of the Soviet government. Then it was through a resolution of our Chember passed to the UK Gov-ernment that more positive stepa were taken to develop trada in October 1923 with the USSE government at the time of the New Economic Policy. In 1924 the Soviet Charge Customer meeting place

Perhaps one of the best ways of entering the Soviet market is to take part in exhibitions which enable sellers to meet and have discussions with the actual end users in addition to the representatives of Foreign Trade Associations, Visitors to an exhibition can range from of the New Economic Policy. In 1924 the Soviet Charge d'Affaires accepted office as Joint Honorary President and members of the Soviet Trade Delegation joined the Execu-tive Council. Later the USSR Chamber of Commerce and Industry became affiliated and hes pland a strong supervisor

Trade Associations, Visitor's to an exhibition can range from the man on the factory floor to the technical specialists: all come to see western technology in areas they know, Exhibitions may be organised officially by the USSR Chamber or they may be arranged as a result of an initiative by British or other European organisations with has played a strong supporting role in our history. We are in fact the oldest joint inter-national Soviet Chamber and older than the USSR Chamber itself. European organisations with the co-operation and approval of the Soviet authorities. Trade

TODAY WE are celebrating the and any income we generate from the activities we organise. Soviet Chamber of Commerce Me have carried on through that to extend on through that to extend on the contract the space of send details of exhibitions in opinions in a menory and Britain to Soviet organisations, informal environment. At each We advise our members about luncheon the guest speaker is participation and work closely connected with trade at a high with Trade Associations that level and speakers have intend to take part in exhibi-included the UK Secretary of State for Trade and Industry. porations, working closely with participation and work closely the Ministry or Ministries they with Trade Associations that represent in purchasing what is intend to take part in exhibi-required to fulfil the Ministries' tions on a group hasis.

tions on a group hasis. At government level, trada is reviewed usually each year by a Joint Commission consist-ing of representatives from tha UK Department of Trade and Industry and the British Embassy in Moscow, together with the USSR Ministry of Foreign Trade, supported by representatives of British industry and trade and Soviet delegates from Ministries and FTAs. The importance of these meetings is recognised by both sides and at the last meeting in February a five-year agree-ment on economic and indusment on economic and indus-the part in group visits to trial co-operation was initialled Moscow that we organise five covering the same period as the times a year at a cost of about latest Soviet economic Plan half that of travelling indepen-from 1986-90. It identifies in dentity. Through our connection rom 1939-50. If incrimes in outline the areas of greatest inutual interest to the two countries and has a framework within which trade in both directions can develop.

included the UK secretary or State for Trade and Industry, the President of the BOTB, the haads of larga companies and Soviet Ministers and Deputy

tha UK Parliamentary delega-tion to the Soviet Union. Our British members can

Each quarter we mail an information bulletin giving the latest news of Soviet trade both dently. Through our connection with the USSR Chamber of Commerca and Industry, we can support them by the issue of with Britain and worldwide, together with information about visas and in securing appoint-ments in the USSR.

nisations as members, gside some 550 British com-es, covaring all types of strial and commercial trade, it is neces-strial and commercial trade system of the USSR and to use the words of our it is one of the tasks of this events and sometimes obtain tote, extend and develop between tha USSR and develop between tha USSR and export. In the Soviet union access to trade system of the USSR and British participation in such tote, extend and develop between tha USSR and export. In the Soviet union access to the unimate user is different in embership subscriptions successful sales effort must to membership subscriptions

Directory was printed in ties there is one important

augmented by e further 25 members from 20 firms who are resident in Moscow or who travelled independently. To-gether with guests, officials, media and representatives from Soviet ministries and organisa-Soviet Ministers and Deputy Ministers of Foreign Trade. On special occasions these social events take on an even larger dimension. This year on our anniversary date we shall be heving a special luncheon to guest speaker will be Viscount Whitelaw, the UK Deputy Prime Minister. He recently led tha to the Soviet Union. Soviet ministries and organisa-tions, the numbera actually attending the Annual General Meeting in Sovincentr reached about 350. During tha week we held a seminar on tha legal aspects of Soviet foreign trade and delegations from tha Executive Council called npon the Chairman of the USSR State Planning Committee (Gosplan) Foreign Trade.

Trade news

cyrillic and circulated in the piece missing. We have known USSR In 1983 we revived the for many years that we cannot publication of the annual function to our full potential Journal in English which is effectiveness without a wheel circulated to all members each at both ends of the axis. In circulated to all members each year and to official organisa-tions, both in the UK and the USSR. It is hoped eventually to produce journals in the Russian language for circula-tion in the USSR, promoting British industry and in English circulated in this country, pro-moting Soviet industry. This year we shall be publishing a special 70th anniversary com-memorative edition of the journal. journal,

For the last two years we hava taken an active part in organising seminars on Britishorganisms seminars on Brilish-Soviet trade with regional chambers of commerce and city councils in many places, among which were Birmingham, Not-tingham, Sheffield, Leeds, Glasgow, Leicester, Edinburgh, Newcastle, Watford and Bristol. During these seminars business cooperation between British companies and Soviet Foreign companies and Soviet Foreign Trade Associations is discussed and assistance given in particu-lar to firms new to trade with

Measures to improve contact

the USSR

products, n e w technology, contracts, licences, forthcoming Our activities in London have been substantially augmented recently by a Soviet representa-tive who has been seconded to our office from the USSR Chamber of Commerce. He has strengthened our contacts with the USSR immeasurably and in particular has been encourag-ing British firms to take part in Seminars and international seminars and international exhibitions in the USSR.

selling to any market and in particular to the USSR, and this has not heen easy for small or medium firms with a tight cash flow and limited staff. What British industry needs is the constant provision of a full range of services in Moscow which will feed back trade enquiries and monitor oppor-tunities from Moscow as they arise. An office would provide this, together with a place for meetings and facilities for semi-mars (in addition to any nars (in addition to organised at exhibitions). any

Today we are celebrating the Totay we are celebrating the 70th year of our existence: to set np an office in Moscow could he one of the most significant events of this, our anniversary year. A number of high level Governmental visits have taken have taken place this year and these have confirmed an upward trend in UK-USSR business relations. The signing on July 15 by Foreign Ministers of both coun-tries of the Programme for the Development of Economic and Industrial Cooperation for the period 1986-90 created the the necessary framework for the further expansion of trade in particular areas. All this will, give us, as a Chamber, continu-ing and growing opportunities to contribute to the develop-However, in all these activi- tions in the future.



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Chamber of Commerce. The Chamber was founded with the aim of streogthening and furthering the development of commercial links between the two countries. Over the past 70 years the Chamber has success-fully fulfilled its intended

and Great Britain bave not always run smoothly; there bave beeo peaks and trougbs, serious complications and periods of fruitful cooperation. But throughout, the BSCC bas strengthened business ties strengthened business ties between our countries and has fostered the creation of a cli-

close business links with the

Soviet Foreign Trade As V/O TECHMASHEX offers: ADVANCED PRODUCTION PLANT AND Jechmoshermott 17

Soviet Trade Delegation, joint companies and Soviet Foreign

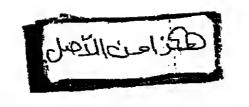
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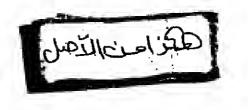
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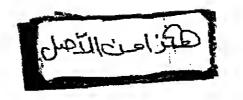
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London's securities markets had a somewhat uncertain session, with initial optimism over the Opec agreement on production quotas fading away as the session progre-ssed. Oil stocks had largely discounted the Opec annocuncement, and soon reversed their early gains. The rest of the equity market fol-lowed a similar pattern to end with small losses.

small losses. Government bonds moved up smartly during the first half of the session, and showed gains ranging to a full point at midday. Support then waned behind a sliggis performance by the pound, and prices slipped back when initial reports of the offi-cial estimates of US gross national "product caused a flicker of nervous-ness over inflation. Prices steadied 196p. Bass enlivened an other

• product caused a flicker of nervousness over inflation. Prices steadied again before the close, and net gains of % were recorded at the longer end. The FT Government Securities Index added 0.23 to 82.59. Once it was clear that oil stocks would not provide the stock market with a lead, share prices slackmed. Early gains of several points in major markets indices were slacking in major markets indices were slacking at the close. tured fresh support of peren takeover favourite Buck finally 4 up at 120p.

eroled, to be replaced by inclusion at the close. Hinking back the major indices was a sharp fall in Hawker Siddley after a disappointing set of interim figures. The FT-SE 100 index fell 1.6 to 1588.6, and the FT Ordinary Index

28 to 1282A. Beecham stood up better than most of the blue chips as good investment buying came from both domestic and international sources.

domestic and international sources. Also firmer were Jaguar. Speculators in Imperial Cantinen-tal Gas Association ignored the 530p a share cash bid from Gulf Resources, and drove IC Gas shares op by a further 18p higher to 571p. The market expects a higher offer from Gulf, or from another source— perhaps Petrofina, in which IC Gas holds a share stake.

Composites revive

Composites were given a fillip by news mf strong third-quarter profit improvements from a trio of US insurance groups and, by a recom-mendation from brokers Phillips and Drew, advising clients to buy the sector ahead of the approaching quarterfy season. Royals, which are scheduled to reveal third-quarter figures on November 13, touched 837p before closing 15 higher on balance at 829p, Gike also put on 15 at 814p after 700p, General Accident firmed 10 to 6139 and General founds hardened a penny at 288p, after 200p, the latter's third-quar-ter results are due on November 12, Elsewhere, Legal and General found support at 225p, up 7. C.E. Heatt folgoard and General found support at 225p, up 7. C.E. Heatt folgoard and General found support at 225p, up 7. C.E. Heatt folgoard and General found support at 225p, up 7. C.E. Heatt folgoard and General found support at 225p, up 7. C.E. Heatt folgoard and General found support at 225p, up 7. C.E. Heatt folgoard and General found support at 225p, up 7. C.E. Heatt folgoard and General found support at 225p, up 7. C.E. Heatt folgoard and General found support at 225p, up 7. C.E. Heatt folgoard and General found support at 225p, up 7. C.E. Heatt folgoard and General found support at 225p, up 7. C.E. Heatt folgoard and General found support at 225p, up 7. C.E. Heatt folgoard and General found support at 225p, up 7. C.E. Heatt folgoard and General found support at 225p, up 7. C.E. Heatt folgoard and General found support at 225p, up 7. C.E. Heatt folgoard and General found support at 225p, up 7. C.E. Heatt folgoard and General found support at 225p, up 7. C.E. Heatt folgoard and General found support at 225p, up 7. C.E. Heatt folgoard and found to folgo and Cammercial found support at 225p, up 7. C.E. Heatt folgoard and found to folgo and Cammercial found support at 225p, up 7. C.E. Heatt folgoard and General found support at 225p, up 7. C.E. Heatt folgoard and found to folgo and Cammercial found support at 225p, up 7. C.E. Heatt folgoard folgoard folgoard folgoard folgoard fol Composites were given a fillip by news if strong third-quarter profit improvements from a trio of US insurance groups and, by a recom-mendation from brokers Phillips and Drew, advising clients to buy the creater sheet of the

Government securities close with widespread gains After a busy first half an bour or so when cheap buyers pushed the major clearers up by as much at 12, but equities ease in late trading tinned to shy away from South African mining markets. The con-tinued absence of US institutional

FINANCIAL TIMES STOCK INDICES

•	so when cheap buyers putted at major clearers up by as much at 12, interest then waned considerably and closing levels were well below the day's best. Barciays ended 7	Dui		Y	Ш.			as	e		la	le
1	higher at 465p, after 470p, and Lands a penny dearer at 408p.	FINANCIAL TIMES STOCK INDICES										
5	after 417p, but NatWest finished 5 lower on the session at 502p, after		0et.	Oct.	Oct.	Oct.	Oct.	VEAR	19	86	Since Co	mplation
-	512n Merchant banks were		22	21	20	71	16	890	High	Low	High	Low
	inclined higher in places. Klein- wert Benson added 5 at 500p as did	Government Secs	82,89	82.56	82.26	84.36	82.77	84.A7	94.51 (18/4)	80.39 (20/1)	127.A (9/1/35)	49.18 (3/1/75)
1	Rea Bres, at 68p. Mercury International moved up 35 at 355p.	Fixed interest	89.02	88.9 4	88.89	88,94	90.38	90.38	97.68	86.55 (23/1)	105.4	90.53 (30/15)
2	Commercial estate agents Baker Harris Saunders staged a bright	Ordinary 🛡	1,262.4	1,265.2	1,264.4	1,281.5	1,277.6	3,051.3	1,425.9 (34)	1,094.3	1,425.9	49,4 (26/5/40)
5	market debut; the shares, offered for sale by tender at a minimum	Gold Mipes	286.6	290.5	288.9	296.2	306.3	250.2	357.8	185.7	734.7 (15/2/83)	43.5
	price of 150p with a striking price of 170p, opened at 188p and	Ord. Div. Yield	4.41	4.40	4.40	4.35	4.37	4.59			TIVITY	100 2007 27
	touched 190p before closing at	Earnings Yid.%(full)	10.15	10.11	10.13	10.02	10.04	11.24	in 10	dices	0ct. 21	0ct. 20
	186p. Bass enlivened an otherwise	P/E Ratio (net) (*) Total Bargatus (Est)	12.08 25,500	1212 25,235	12.10 25,960	10.02 28,380	10.04 28,439	10.98 23,142	Gilt Edged Equity Bary Equity Value	Bargalus	111.9 251.0 19743	109.1 286.7 1366.1
1	lackinstre session in the drinks sector, rising 10 to 705p, after 710p,	Equity Turnover £m	-	531-51	675.89	822.97	619.59	4162	5-Day Aver	rage		
5	in belated response to an	Equity Bargains	- 1	38,732	44,253	49,091	41,376	21,837	Gilt Édged I Equity Barg		120,4 314,3	117.4 333.3 1300.7
	encouraging circular from brokers Wood Mackenzie. Regionals fea-	Shares Traded (m).		264.9	361.53	476,8	3182	202.1	Equity Valu	æ	1 13301	1 1300.7
5	tured fresh support of perennial takeover favourite Buckleys, finally 4 up at 120p.	1266.7	18 a.m. 1270.5		0.0	Noon 1269.3		268.0	2 p.m 1266.		3 p.m. 264.9	4 p.m. 1263.7
	Traded notion activity and	Day's High 127		ay's Low								
	Traded upton activity and	Basis 100 GowL	, Secs 15/1	0726, Fbte	d Int. 192	B, Ordinary	1/7/35, 6	old Minus 1	1279/55, SE	Activity 197	/4 "NR=11."	浼

 Interver
 <td

ning that it will make nnly a f4m profit this year against £7.3m last. Lagica fell 8 i sympathy to 199p, after 191p. Among other secondary Electricals, Samleigh revived with a speculative gain of 4½ at 25p on asset injectinn hnpes. Grosvener closed 10 better at 135p following dataily of the chara schemes bid statement will be released next Wednesday. Profit-taking laft Wig-gins 5 lower at 152p and Tilbary Group a couple of pence nff at 178p. Thomas Warrington con-trasted with aspeculative rise of 7 at 95p, while Tay Homes revived with a gain of 13 et 176p. Chemicals continued to high-light Foseco which moved ahead strongly nn rumnura of an immiclosed 10 benef at 135p following details of the share exchange bid from Hollis, while BSE put on 3 at 88p. Amstrad rallied a couple of pence to 118p, after 120p, following the company'n reported reassuring remarks about prospects for its PC 1512 business computer.

 Brammer feature
 The miscellaneous industrial sector was enlivened by specula-tive demand for some of the old bid favourites. Brammer featured a gain of 20 at 271p, while Briden, although below the best, settled with a rise of 8 at 155p. Highgate and Job rose 15 to 150p. Sandhurzy figures and the proposed nue-for-five scrip issue, improved 5 to 255p. Stater encountered persistent demand and put on 12 to 222p, while Lilleshall, regarded as shell sima-tim, rose 15 more to 150p. Stack-lake, reflecting the increased and inferings and gave up 10 to 430p. failed to benefit from the announcement of a contract worth filts to supply avionics for the F-SE fighter aircraft. Leading issues his 10.88 per cent stake in McCor-geodale—he intends to retain his prospective interest in the enlarged group—brought press-ure to bear nf the former which fell to 128p before recovering to settle 5 down on the day at 135p. McCorquodale remained at 265p and late in the evening Norton extended its linal offer until 1.00 pm nn November 7. Encappens put on 30 to 590p, while Olives mast, tha subject of a 160p per share tender after from Apex forup nf New Zealand, were marked 3 higher to 169p nn news that PHIT is in discussions with an unnaméd third party which may lead to an offer for the com-pany. Hammersan "A" retained in with market estimates, bot Land Securities, party reflecting traded option business, settled couple of pence cheaper at 320p. Parkdale Holdings were a volatile 8 more to 483p, with buyers still may lead to an offer for the com-pany. Hammerson "A" retained an initial gain of 5 at 430p after revealing interim resulta much in line with market estimates, bot Land Securities, parily reflecting traded option business, settled a couple of pence cheaper at 320p. Parkdale Holdings were a volatile market and, after early progress to 36p, eased back to close unchanged at 80p. Egerton gained 6 to 105p and London Shop Prop-

tinued absence of US institutional interest—political considerations have reportedly prompted compu-ter group Honewell to join com-ter group Honewell to join com-patriots General Motors and IBM in withdrawing from the Repub-lic—was mirrored by both London and the Continent. L D. & S. Rivin shed 8 to 128p following details of the company's

following details of the company's participation in the forthcoming redevelopment of 14, Ryder Street, St James, London SW1. Suggestions that the group was now strongly pursuing its textile manufacturing activities and could shortly dispose of its life assurance and computer services

businesses touched off support for Lament, up 5 at 181p. Youghal, on the niher hand, encounicred pro-fit-taking in the absence of the mooted hid from Coats Viyella and closed 1½ down et 13½p. The extended weakness of the Tokyo market continued to unset-

Tokyo market continued to inset-tile Japanese-orientated Trusts, some n' which registered double-digit falls. Elsewhere, Indepen-dent Investment came back 6 to 192p following the setback in Sys-tholds 7m shares, around 5 per cent of SD but these were purch-aced some five years ago at a cost Africa dipped 37 to 834p. Lower values also prevailed among Lon-don-domiciled Financials, Con-selidated Gold Fleids 664p and RTZ, 659, cessing 8 and 5 respec-tively ased some five years ago at a cost of 8p per share. International City's preliminary

International City's preliminary profits were tinged with disappointment and the price functuated between 178p and 170p before ending a net 2 down at 173p. Smith New Court, up 4 Aurther at 170p, continued to reflect hopes that the financial services group would nbtain a lar-ger market share after Big Bang Day. Yule Catte were raised 8 to 256p. Recently-subdued Enco burst forth late, gaining 8 to 248p. tively. Australians were subdued. A nervous performance by the domestic dollar and feelings that overseas investors were satiated with "down-under" mining stocks

burst forth late, gaining 8 to 248p.

IC Gas up again Having risen 38 to 553p on Tues-

PUTS

at presect resulted in modest los-ses in Sydney and Melbourne. London displayed little inclina-tion to waver from the trend and CRA fall 9 to 350p, while MIM, buoyed on Tesuday by news of the prospective flotation nf (is stake in the Porgera gold deposit in Papua New Guica, declired 6 to 113p.

at present resulted in modest los.

Financial Times Thursday October 23 1986

Traded Options

The expiry of the October series gave the usual boost to Traded Option activity. Total contracts struck mounted to 31,699 - 21,351 calls and 10,245 puts. Of the expirand the Continent. As nn Monday and Tuesday, pro-fessional short covering stimu-lated early strength among heavyweight Golds. Lack nf fol-low-through support, however, saw most counters subsequently deil lowers theousthout and the FT caus and 10,048 puts. of the expir-ing classes, TSB attracted a lively 4,012 calls and 1.889 puts, while ICT and Consolidated Gold Fields recorded 1,018 and 1,071 calls respectively. Elsewhere, Hansen Trust returned to favour with 2,123 calls and 612 puts transacted, while an active and evenly-balanced business developed in balanced business developed in saw most counters subsequently drift lower throughout and the FT Gold Mines index fell 3.9 to 286.6. Bullion, fractionally firmer at the morning fixing, gave ground during the afternoop to close \$1.25 lower on balance at \$423.75 an

Traditional Options

1,332 calls and 1,126 puts.

British Telecom which contributed

lower on balance at \$425.75 an onnce. Losses among top-quality Golds were restricted to under a point with Randfontein finally % off at £51% and Van Reefs % down at £53%. Freegeld fell 20 746p. Platinum also traded within narrow limits before being quoted at \$596 at the afternoon fixing. Impain and Rantenburg eased 20 anjece to the commun level of First dealings Oct 20 Nov 3 Nov 17 Last dealings Oct 31 Nov 14 Nov 28 Last declaration Jan 22 Feb 5 Feb 19 Eng Settlement

Money was given for the call of London and Northern, Lymander London and Northern, Lynander Petraleum, Fohei International, Mitchell Somers, Hillsdown, Bridon, North Kalgurli, Hughes Food, F. J. C. Lilley, Wellcome, Coursy, TSB, Hanson Trust, TI, Amstrad, British Vita, Benjamin Priest, Wiggins, County Properties, Abaco, Ultransar and Greenwich Resources A nut was done in S. R. Resources. A put was done in S. R. Gent, but no doubles were

Y	ESTER	DAY'S	ACTIVE STOCKS	5	
Above and	ciosiag	ity was not Day's	ed in the following stocks y	Closing	Day
Stock	price	change +11	Stock Maries & Spencer	price 195	· char
Barton	274	-2	Simon Eng	263	+2(+1)
CKN	261	-32	Sun Alliance	697 26	+1:
Lilley (F. J. C.)	513	+5 -16	Systems Designers T\$a (50p paid)	2502	-2

reported.

Diere	AND	ZALLS.	YESTE	DDAY
	ARD			

British Funds Corporations, Dom, and Foreign Bonds Industrials Financial & Properties	Rises 103 21 250 105 33 2 33 57	Falls 1 245 93 16 2 79 80	Same 8 46 1,026 378 63 10 71 67
Totals	604	517	1,669

NEW HIGHS AND LOWS FOR 1986

EUROPEAN OPTIONS EXCHANGE

Feb.

HEW HIGHS (50) AMERICANS (2) CPC Int, BUHLDMES (2) War-hegiat (7), STOMES (3) Lec Couper, Liacroit Kilgour, Wassall (J, WJ, ELECTRICALS (5) Checkpoint Europe, Coline Inti, MMT Computing, Thompe OF, WJ, Zygal Dynamics. ENGINEETING (2) Hampoint Intis, FOODS (3) ASDA-MF, Fil, Snowdon & Bridge, MUSTELS (1) Const. HEBUST-RIALS (3) Flexther Ciallenge, Lifestaal, Nash Inds, INSURANCE (2) Hoop Robinson. LEISINE (2) LWT, Thames TV, MITTORS (1) Brek, Car Auction, PAPER (2) Europa, Mertin Inti, Props. TRUSTS London Shop Prop., Mertin Inti, Props. TRUSTS (2) Biel, Durge, Gestion Tyc, Frogmate Ed., London Shop Prop., Mertin Inti, Props. TRUSTS (2) Biel, Intis, Greenfither, Kleinmer, Sandler Cos, Mid Wynd Ins., Marray Smaller Markets B, TR Australia Trust, TR Natural Ross, Antoingosta Spr.

Britannia Arrow Spc, Parambe, BiLS (4) Jam Com Gas, Do, Opt Carr, Und Lu 1995-2000, Pelas Di Prayler Cans. BVERSEAS TRADERS (2) New Sours Crostield, Inchespie, PLANTATIONS (2) Con solidated Plants, Harrisons Malay, Plants. Mitte (2) Revisor, Timmer Mikelat.

NEW LOWS AMERICANS (2) Classe Manhattan, Data BANKS (1) MCorp. BUILDING (1) Lilley (STORES (1) Windsmoor, ELECTRICALS STORES (1) Windsmoor, ELI Datasery Inc., P-E Intl., ENCIOEERING (2) Hawi ENGIGEERING (2) Hawker Siddeter, SPP. FOGUS (1) Avana. (MUUSTRIALS (3) AGA Research, Brit. Sphon, NeR & Spenor, LEISING (1) Aspinali, PROPERTY (2) Estates & Agency, SHIPPING (2) See Containers. MUNES (2) Rand Lonion, Vogets.

announcement of a contract worth £15m to supply avionics for the F-SE fighter aircraft. Leading issues presented a mixed appearance. BOC firmed 8 to 329p and Beecham settled 5 to the good at 425p. Glass gave up 7 to 940p, while speculative activity faded in recent takeover favourite Pilkingten which drifted back 2 few pence to 436p. Television issues attracted

LONDON TRADED OPTIONS

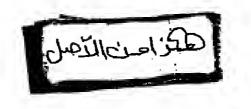
CALLS

i nese i	adices an	e the joint	compliation	or the l	rmancial limes,	
the	Institute	of Actuar	ies and the	Faculty o	of Actuaries	

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times,			Option		Oct. ja		0d.]	lan. Apr.	Option	No			Nov, Feb.		Series		Last Vol.	Last	Vol. Last	Stock 5424.70		
the Institute of Actuaries and the Faculty of Actuaries				Allied Lyons (*296)	300 330 360	1 20	30 17 a	38 4 68 7	5 20 63 43 73	Midland Bik (*527)	500 40 550 12 600 4		72 42 13	30 37 77 77	18 42 80	GOLD C 5360 - GOLD C 5400 GOLD C 5400	4	19A 7 30 30 12A 64	75 39	1 194	24010	
						550 600 650 700	125 145 75 98 25 60 0% 32	160 115 77 45	01 02 02 27 27	2 5 7 14 0 28 2 58	P. & O. (*503)	460 48 500 20 556 4 600 1			12 12 13 13 13 10 10 10 10	28	GOLD C \$350 GOLD C \$360 GOLD C \$400 GOLD C \$440 GOLD P \$420 GOLD P \$440 GOLD P \$440	606 20 15 14 15 14 15 14 15 15 14 15 15 15 15 15 15 15 15 15 15 15 15 15	I~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~	17.50A 10.50 7 12.508	1 49A 36 25 4 1250A 36 1150A	
EQUITY GROUPS & SUB-SECTIONS	Wednesday	October 22 1986	Tues Ma Dat Da 21 21	i Fri Deat 17 (a	ear Cons. Gold go (*664)		117 135 67 110 17 80 1 50		1 15 2 44 6	0 15 10 32 10 52 17 80	Parcal (*162)	140 27 160 11 180 3 200 1 220 1	z 42 20 11 2 11 2	42 28 16 8	2 6 7 13 28 21 38 39 59 59	18 24 41		Dec.		Mar.	= =	
Figures in parentheses show anaber of stocks per section	Index Day's Fan No. Change (Ma	R. Grogs Est. Regs Div. P/E to d% Yield% Ratio 1 DCJ (ACT at (Net) to 29%)	fadi. 1986 Index Ind date No. No	x index b	dest (*290)	260 280 300 330	30 35 10 26 0 ¹ 2 16 0 ¹ 2 8			3. 5	R.T.Z. (*659)	600 63 650 30 700 15 750 7		107 77 50	7 20 20 45 55 75 97 -	39.54.82	SILVER C \$700 EFL C FL330 EFL C FL370 EFL P FL315 EFL P FL320	5 0	14 [N] [N]	13 ISI		\$580 FL32L36
1 CAPITAL 60005 (211) 2 Building Materials (27)	649.38 -0.2 9.	42 3.93 13.48 45 3.81 13.36	15.39 650.58 653 17.45 770.93 768 28.13 1095.04 1097 53.27 1740.74 1746	47 661.81 54 99 776.52 5	5.13 (*288) 7.45	260 280 300 330	28 39 8 28 04 17 1 8	49 37 24	21 15 43		Vaal Roefs (*\$77)	60 19 70 12 80 5 90 1		26 2012 1412 9	1 22 22 6 8 102 142 17	312 7.22	LFL P FL330 SFL C FL220	201	· · _	8.70B 6	2 4.70	FL224.35
4 Electricals (12)	1744.50 +0.2 8.	הן המכברן כמיב (מב			3.69 Cable & Wire 4.44 (*514) 9.74 7.99				1112		Tr. 114,% 1991 (*1102)	100 2 102 1 104 8 106 0		3331114	04 1 81 1 24 4 53 4	122	SILVER C SFL C SFL C SFL C SFL C SFL P SFL P SFL C SFL P SFL P SFL P SFL P SFL P SFL P SFL C SFL P SFL C SFL C	3 0 101 2 156 4 90 7.9	140 51 500 51 500 170 35 170	1 349 520 1030	2 4.70 1 1 22 9.50	
8 Metals and Metal Forming (7) 9 Motors (16) 10 Other Industrial Materials (21)	327.26 +0.2 9.	75 4.30 12.90 93 3.83 11.71 46 4.45 15.90	9.68 361.52 363 7.39 326.48 330 5.67 264.96 264 29.53 1296.97 1213 16.30 915.22 915	70 329.95 2	0.85 8.74 Distillers 7.61 (*677)	375 600 650 700	92 42 5	_	63 6 1 1 15 -	= 1=	Tr.113,% 03/07 (*£108)	106 3 108 2 110 1 112 0 114 0 116 8	5 4 30X 11	6545522	127.15A	34 56 7	STR P FL250 STR P FL250	90 7.5 3	36 10	10.30	= =	
22 Brewers and Distillers (22)	908.04 -0.7 9. 698.60 - 9. 1886.01 +0.6 6	67 3.54 12.72 1 59 3.90 13.58 1 19 2.74 22.47	4.90 915.22 915 4.91 914.48 914 4.49 698.58 702 89.71 1875.67 1890	14 925,45 74	0.63 6.60 6.E.C. 6.85 (*164) 1.48	160 180 200 220	5 18 04 8 04 2 04 1		0 ² 2 17 37 37 57 57			112 0 114 0 116 8		24	않 않	9		Jan. 8	the second se	Apr. 87	July 87	·
27 Health and Housetold Products (10) 29 Leisure (27)	1503.94 — 6. 899.69 +0.4 8. 2442.84 -0.9 7.	2-52 18.76 25 4.53 16.09 54 4.50 17.18 29 3.57 17.62 89 3.03 19.68 80 3.78 13.80	17 O. T. T. C. A. T.	40 1514 79 10	0.75	360 362	5 90	95	02 -	1 3	Option	De	Mar	Jun	Dec Mar	<u></u> -	ABR C FLS40 ABR P FLS40 AEGON C FL95 AEGON C FL95 AHOLD C FL100 ANOLD C FL100 ANOLD C FL100 AK20 C FL150 AMEV C FL50 AMEV P FL50 AMEV P FL50 AMEV P FL50 AMEV P FL50 AMEV C FL50 CMR0 P FL	119 203 17 74 106	1750 10 10 10 10 10 10 10 10 10 1	31A 23.50 5A 9.508	4 33.50 26 28 	FL530 FL58.70
33 Packaging and Paper (14) 34 Stores (38) 35 Textiles (17)	460.76 -0.8 7. 850.71 -0.9 6. 522.05 - 9. 1221.28 - 13.	29 3.57 17.82 1 89 3.03 19.68 1 80 3.78 11.80 1 53 4.23 8.12 3	24.92 896.49 897 55.86 2485.13 2505 10.39 464.28 464 12.49 858.23 857 10.03 521.83 521 66.99 1221.28 1220	43 468.12 30 47 865.69 74 75 524.91 34	6.34 3.16 4.83 I.C.I. 9.38 (*1096)	420 460 950 2000			2		Beectum (*#25)	530 100 350 70 350 45 450 11			2 4	1 1221	AHOLD C FLLOD AHOLD P FLLOD AKZO C FLLSO AKZO P FLLGO AMEY C FLSO	332 696 1003	540 .22 530 .37 5.90 .144	9 9.90 1.10		FL99.70 FL145.20
36 Tobacos (2) 41 OTHER GROUPS (87) 42 Chemicals (20) 44 Office Equipment (4)	764.46 +0.3 8. 992.39 +0.5 8. 263.35 +0.1 7.	86 4.36 13.73 2 64 4.37 15.83	17.27 762.15 766 19.09 987.71 988 7.11 243.05 244 11.58 1509.47 1502		1.84	950 2000 1050 1100 1150	45 95 1/2 58 2 38	192 150 115 84 58	2 11 2 2 10 4 60 7		Beets (*227)	450 11 200 32 220 18 240 7 250 4	431299	31 53.99 21 -	1 5	1 7 2 2 1	AMEV P FL75 AMRO C FL100 AMRO P FL85 ELS C FL240	45 150 345 30	$\begin{array}{cccccccccccccccccccccccccccccccccccc$	3.80 4.20	E	FL70.20 FL90.20 FL227
48 Miscellaneous (48)	1506.57 -0.2 8. 739.06 +1.0 11. 1064.40 -0.4 6.	60 4.97 11.78 1 46 3.21 19.43 1	6.67 731.71 744 6.64 1068.33 1068	28 763.24 87 76 1075.21 86	2.24 1.76, Maris & Spen,	300 330 360	18 28 042 15 04 5 17 25 02 14		04 15 2 45 4 012		81R (*288)	250 4 280 21 300		40	4 12 15 15 15 15 15 15 15 15 15 15 15 15 15	18 30	ELS P FI230 GIST C FL45 GIST P FL45 HEIM C FL380 NEIM P FL50 HOOG C FL55 KLM C FL45 KLM P FL45 KLM P FL45	380 209 41	3 _	450	2 5.904	FL44.50 FL163.50
51 OII & Gas (17)	1363.14 -0.2 11. 861.83 -0.1 9/	81 6.47 30.43 (03 4.04 13.99 2	46.61 814.94 817 52.40 1385.35 1366 10,21 862.91 863	10 1361_13 11 61 871_54 71	6.16	180 200 228 800 850 900 950	17 25 02 14 02 14 125 148 15 105 25 105 15 15 15 25 105 25 13 25 15 25 1	12	02 6 26 1 1	7 10	Bass (*705)	330 - 650 75 700 40 750 17	10 85 57 30		2 1 45 1 45 1 33 2 5 3 3 5	1 - 234545	HOOG C FL65 HOOG P FL55 KLM C FL45 KLM P FL45	254 2 330 249 294 2	906 41 2 3.20 2 .30A 22	6.80 3.80 5.70 3.10	10 7.80A 70 6.40B	FL60.30 FL45.30
61 FINANCIAL GROUP (118) 62 Banks (8) 65 Insurance (Life) (9) 66 Insurance (Composite) (7)	594.92 +0.4 - 650.15 -0.1 19. 808.86 +0.8 - 469.23 +1.5 -	- 4.63]	6.55 592.57 592 3.94 650.66 646 5.39 802.50 797 0.93 462.38 462	55 467.32 39	.62 { (*252)	900 950 240 260 280 300	25 67 11,2 35 42 48 22 29 2 10 6, 10		1 125	2 2	Blue Circle (*605)	500 117 550 70 600 40 650 20	150 55 55 55 55 55 55 55 55 55 55 55 55 5	135	2 50 2 60 2 19 2 19 2 19 2 19 2 19 2 19 2 19 2 19	6238	PHILC FLOO PHILC FLOO PHILP FLAS	119 1203 17 1203 1203 1203 1203 1203 1203 1203 1203	4,70 6 4 2,908 41 3 3,20 2 2 3,20 2 2 2,300 12 2,300 22 2,300 12 4,90 4 8,90 48 5,40 20 11 1,708 12 1,708 12 1,708 12 1,708 12 12 1,708 12 12 12 12 12 12 12 12 12 12 12 12 12 1	570 510 4 650 340 340 14 720	2 4 73 550 9 7 19 420 733 450 112 1530 10 11.70	FL77.10 FL46.50
67 Insurance (Brokers) (9)	1249.79 -0.3 7.1 331.46 +0.9 - 769.66 - 5.1 346.75 +0.3 9.1	07 415 16.62 3 - 4.33 —	5.33 1253.31 1270 5.98 328.42 328	43 1248.57 110 98 330.73 26 76 773.23 65	5.01	280 300 80 90 100	2 10 04 10 04 5 04 2		04 04 1 11 20 27 9 11 19 15		De Beers (*\$7,40)	650 110 700 85 750 60 800 35			12 23 12 25 55 100	1250	R0 P F1200 R056 C F1.95 R056 P F1.90 UNIL P F1.500 UNIL P F1.60	359 31 719 8	540 20 140 28 706 15 290 12	7-20 4-30 18 16		FL200.40 FL39.40 FL469
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Britisk Government 1 5 years-118.88 +0.16 118	1.78 - 9.57	5 Coupons 15 ye	10.32 Mrs	9.77 10.38 10.39 11.16 10.76 10.41 11.28 10.97 10.97 10.53 10.13		460 500 550	23 45 9 25 2 10		9 ⁴ 2 11 40 42 90 92		7esca (*410)			- 1	20 30 45 90 90 90 7 7		ANZ Banking Group 11 Associates Cap Corp	E.Y. Tr E.Y. Tr Eusitor	Lawie	11 F 12 F	"K Finans, Intl (UK)_ Tronincial Trest Luc Rapinael & Soos Roxburghe G'rante	. 12
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10 Preference		18 Preference pm 1995.0; 2 pm 1993.4;	3 pm 1592.2; 3.30 p			300 330 360 390	9 20 272 12		5 10 18 21 45 48	12	FT-8E 1529 index 1550 (*1591) 1575 1600 1625 1625 1625	242872874194 1907187287	48 37 20 20 4	- 1 56	80 70	=	Brown Stipley	. Hangka Kapasie Lioyds B	1919 & Shangir' 17 & Co. Lid 2014	10 ² 610	es Consultize. 	call when
† Flat yield. Highs and lows record, base data is available from the Publishers, the Flaa	es, values and constitute	at changes are sublished in	n Šaturdav Issues. A r	ew list of coasti	tests (*131)	110 120 130 140	24 30 15 23 9 15 4 11	37 27 22 16	2 7 5 10 0 14 17 23	14 23 28	October 22. To		1,699. 0	- <u>112</u> 316 21,36			Cayzer Lasi	. Mase We Mentral	estnac i lid		orposes si porogage	300 per base rate. 6.69%.

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Financial Times Thursday October 23 1986 Ø ÷.

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WORLD STOCK MARKETS

	Oct. 33 Price + or	GERMANY Oct. 23 Price + or Dm	NORWAY Price + or Oct. 22 Kronst -	AUSTRALIA (continued) Price + or Oct. 22 Aust. 6	JAPAN (continued) Oct. 29 Price + or -	CANADA
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۳۰۲ ۲۰	DENMARK Oct. 22 Price + or Knr S - Andelsbanken 335 -8 Baltica Stand 645 -3	Precisent 312 +0.5 Rhein West Elect 214 -1 Romenthal 402 -3 Bohering 598 -4 Alemose 683 -3 Thysean 156 +5 Varta 376 +6 Vest 321.5 -9.5 Verain-West 476 -10.5 Volkswagen 470.5 +10.1	Estelta	Henderson Land. 3.4 -0.m	Showa Denko,	100 Cump Soup \$33 33 +14 1350 Candal \$774 74 774 -14 15626 Nut West 35 33 33 -2 (Taxing grings Outplan 22
	Coo Handels'nt \$61 -1 0. Sufkerfab \$85 +2 Danske Bank \$87 -11 00 Oenske Luft, 1,950 -12 -12 East Asiatic	TTALY Oct. 23 Price + or Lina + or Bastog HR55	EKG 341 -2 StorsKopparbrg. 995 Swedish Match	HK Shanghai Bk. HK Shanghai Bk. HK Telephone	Tokal Bank	SIZE C Packrs 510 152 154 - 4 10400 GHERDRA A 1 3174 174 174 174 174 174 174 174 174 174
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<u>ZEIII</u>	Printemps (Att.), 475 +4 PRatio toolt	Notamoo 133.0 Rorsinoo 180.5 Rorsinoo 46.6 Rorsinoo 46.6 White 46.6 VMF Bork 46.6 VMF Bork 318.6 VNU 318.6	Brambies Inds. 7.40 -0.08	Kamathu	De Beers	Det Sant Year Age (Approx) Ind div yield %6 15 6 24 Ind div yield %6 3.87 3.89 3.75 Ind, FV E Ratio 17.98 16.34 16.39 Ind div yield %6 77.9 16.35 12.64 Ordi SE (4/1/85) 389,89 5/1.44 572.64 572.48 402.31 (10/1)
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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

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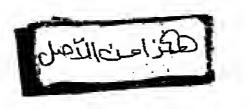
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لكذاحن التصل



NYSE COMPOSITE CLOSING PRICES

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER

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FINANCIAL TIMES WORLD STOCK MARKETS

WALL STREET

42

GNP data fail to cast gloom

RECOVERING from early setbacks prompted by the third-quarter gross national product figures, bond and stock prices posted modest gains on Wall Street yesterday, writes Roderick Oram

in New York. While GNP growth figures were in line with expectations, the price deflator was higher, indicating a faster rate of in-flation. Bond prices fell by up to % of a point before bouncing back, stocks followed the same pattern.

The Dow Jones industrial average closed up 2.67 to 1,808.35. The New York Stock Exchange composite index edged ahead 0.19 of a point to 136.16 on trading of 114.58m shares compared with 110m on Tuesday. Advancing issues outnum-bered declining by 769 to 722.

Share trading was light and feature-less as prices moved mostly on news of third-quarter earnings and takeover speculation.

Among the blue chips, American Express was up \$% to \$57%, AT&T was off \$% at \$23%, General Electric rose \$% to \$76%, Merck was ahead \$% to \$107% and Westinghouse rose \$% to \$55%.

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STOCK MARKET INDICES

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General Motors, which reported a third quarter profit of 56 cents a share against \$1.53 a year earlier, close to expectations. Its shares rose \$% to \$68%. The third most active issue of the day, with 1.9m shares traded, was National Westminster Bank. It issued 7m Ameri-

can Depository Receipts with the price unchanged by the close at \$21%. Wang Laboratories fell \$% to \$10% af-ter reporting a loss for the quarter. While Wang and IBM, off \$1% at \$120%,

have reported poorer performances other computer makers such as Digital, up \$1% to \$96%, and Burroughs, up \$% to \$71%, have recently reported higher earnings.

Honeywell, which is joining IBM and General Motors in an exodus from South Africa, slipped \$% to \$67%.

High trading volume and market volatility in the securities industry boosted

Hong Kong stock market was closed due to the visit by Queen Elizabeth IL

third-quarter earnings at Morgan Stanley and Salomon Inc. although the overall result at the latter was dragged down by the poor performance of its commodi-ties division. Morgan's share price, how-ever, fell \$1% to \$68% while Salomon's slipped \$% to \$38%.

Among other brokerage house stocks, Merrill Lynch rose \$1% to \$40% and E. F. Hutton was unchanged at \$46 both on, renewed speculation that they are take-

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over targets. United Technologies fell \$1% to \$40 af-ter analysts lowered earnings forecasts.

KEY MARKET MONITORS

The company reported lower third-quar-ter earnings on Tuesday.

Companies reporting higher third quarter earnings included Colgate-Palmolive, up \$1/2 to \$38%, Penn Central, ahead \$% to \$58%, Pitney Bowes, un-changed at \$64%, and Union Pacific, up \$% to \$59%. U.S.

In the takeover arena, USX slipped \$% to \$26%. It announced it had held talks with Mr Carl Icahn, the corporate raider who has made a \$31 a share offer.

Goodyear was the most active stock with 2.8m shares traded on the NYSE. It rose \$% of \$42% on speculation it was a takeover target. Bond markets fell after the release of

the third quarter gross national product figure but recovered their losses by late morning.

Although the 2.4 per cent real annual rate of growth was in line with forecasts, the price deflator of 3.6 per cent was higher, raising fears of a faster rate of inflation.

After losing % of a point shortly after the opening, the price of the 7.25 per cent benchmark Treasury bond due 2016 recovered to close at 93% up 1% of a

point on the day, to yield 7.77 per cent. Three-month Treasury bill yields slipped 2 basis points to 5.29 per cent, six-month yields fell 7 basis points to 5.34 per cent and year yields fell 4 basis

points to 5.48 per cent. The Federal Reserve Board did sys-tem repurchases when the Fed funds rate stood at 5¹%. The rate closed at 6¹/₂ per cent.

The average yield on the Treasury's \$10.39bn of two-year notes at yesterday's auction was 6.39 per cent, down from 6.44 per cent at the previous auction on September 23 and the lowest since 6.21

with the release of the GNP figures, markets turn their attention to the re-lease of other data today. September's consumer price index is expected to be up some 0.4 per cent from August while durable goods orders could show a gain of 1.5 per cent to 2 per cent after Au-gust's 3.1 per cent contraction.

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LONDON INITIAL OPTIMISM in London Opec agreement on press faded away as the source of the source of the by discounting the Open of Source of the were showing gains ranging the provided the point at midday. A sluggish performance by sterling then introduced doubts, which increased on initial reports of US

which increased on initial reports of US GNP and nervousness regarding infla-tion. Net gains of % point were recorded

at the longer end. Holding back the major indices was a sharp fall in Hawker Siddeley, down 32p to 415p after a disappointing set of inter-im figures. The FT ordinary index fell 2.8 to 1262.4, while the broader-based JU index lost 1.6 to 1589.6 Chief price changes, Page 39; Details, age 38; Share information service, Page 38; SI Pages 36, 37

TOKYO **Further fall** breaches 16,000 level

CONTINUED small-lot selling of large-capital stocks drove the Nikkei average

capital stocks drove the Nikkei average below 16,000 m Tokyo yesterday, writes Shigeo Nishiwaki of Jiji Press. The average slid 386.22 to end at 15,619.55 – after plunging 568 points at one stage – the eighth consecutive daily decline. This represented a 11 decline. This represented a 17 per cent drop from the 16,936.24 peak of August 20. Turnover remained modest at 395m shares, although it was heavier than Tuesday's 361m shares. Losses outpaced advances by 592 to 197, with 143 issues unchanged.

The average gained 115 points from the previous day in the morning, helped by easier restrictions on margin trading and around Y10bn worth of buy-orders for about 200 issues by Nikko Securities Investment Trust Management, which had established a Y100bn investment trust fund.

But almost all stocks lost ground after the buying had run its course, with light selling prompting more sell-orders. Near the close, a wide range of equities strengthened on small-lot buying by dealers after Tokyo Electric Power and Tokyo Gas - August market leaders had suffered maximum daily losses.

These two issues, along with steels and shipbuildings, were popular in Au-gust and late September, especially among institutional investors and cor-porations. In particular, Tokyo Electric Power had soared on investor interest in its gains from the strong yen, declining crude oil prices and lower interest rates.

In yesterday's trading, the utility end-ed Y740 down at Y6,180 after phunging a maximum Y1,000 at one stage to Y5,920, a 28.6 per cent decline from its all-time high of Y6.290 on October 1.

high of Y6,290 on October 1.
Ishikawajima-Harima Heavy Indus-Jaies headed the active list, with 23.72m
Jaies traded the active list, with 23.72m
Jaion States, showed Y36 to Y407.
Jipponi Kokan, second busiest with 21.04m shares, shumped Y27 to Y218.
Badget influenced and property Stocks also fell sharply, with Taisei Corp. sliding Y55 to Y720, Ohbayashi Corp. Y48 to Y740 and Mitsubishi Es-tates Y110 to Y1,990.
Blue chip stocks lost strength on late selling after a moderate rally early due

selling after a moderate rally early due.

to buying by investment trusts. Canon weakened Y20 to Y1,070, Fujitsu Y17 to Y980 and Ricoh Y19 to Y900.

With the market recouping some ground in late trading, a number of participants began to expect an imminent rally. But others remained cautious, because yesterday's plunge had put margin buyers in a particularly difficult po-

sition. Bonds closed sharply lower on heavy selling by dealers, triggered by the slow-

er than expected recovery. The yield on benchmark 6.2 per cent Government bond due in July 1985 tum-bled from 5.015 to 4.975 per cent in the morning, reflecting an overnight rally in US 30-year Treasury bonds. But it rose steeply later, ending at 5.150 per cent.

EUROPE

Cautious sentiment

resurfaces

THE CAUTIOUS MOOD on the European bourses continued yesterday with many investors reluctant to take positions, thus keeping trading volume at low levels.

Frankfurt failed to extend a strong start as foreign profit-takers moved in. The Commerzbank index midsession calculation fell 12.6 to 1,938.4 after a 16.1 gain on Tuesday.

Banks remained under pressure from the Neue Heimat saga. Deutsche Bank, the largest "universal" bank, retreated DM 9.50 to DM 762, while Dresdner suf-fered a proportionately more damaging DM 5.50 drop to DM 382.50.

Insurer Allianz dropped DM 65 to DM 2,070 after a DM 20 gain on Tuesday. Among leading carmakers, Daimler, lost DM 7 to DM 1,209 and BMW re-

lost DM 7 to DM 1,209 and BMW re-versed the largely steady performance of the previous session with a relatively large DM 8.50 fall to DM 584. VW inched 59 pfg higher to DM 470,50 after saying that it would not offer Chrysler Corp car production facilities at its US plant: - Chemicals weakened wiffi Bayer lead-ing the way with its DM 249 down in DM 285.10, followed by freechst, DM 1200 sheaper at DM 222.26 although BASS curtailed its loss to 26 pig at DM 303.00. Among utilities, Vebs retrieved 'DM 2.50 to DM 281.50. Electricals were mixed with AEG continuing to gain ground with a DM 3 advance to DM 314

as Siemens shed DM 5 to DM 682

Leading retailers were in the spotlight again as Kaufhof failed to recover its poise. It dropped a further DM 5.60 to DM 514, a decline of DM 11 so far this

The bond market reacted quietly to the US third-quarter GNP data by extending early falls of around 10 basis points to a total of 20 basis points. The Bundesbank market balancing intervention was curtailed slightly with sales of DM 114.5m of domestic paper compared with sales of DM 119.9m on Tuesday. The average yield on public authority paper slipped back to 6.00 per cent from

the previous session's 6.01 per cent. Amsterdam was quietly lower despite the firmer opening on Wall Street. The softer tone was attributed to the slightly weaker dollar. Volume remained thin, Internationals continued mixed with Royal Dutch gaining 20 cents to Fl

Stockholm lacked a clear trend with many institutions on the sidelines, but the Veckans Affarer all-share index closed steady on a marginal rise to 895. Skandia International led the ac-tives, rising SKr 4 to SKr 133 ahead of its interim report. Ericsson was also actively traded, partly due to technical fac-tors, gaining SKr 3 to close at SKr 255.

Milan closed generally lower in mod-erate trading that was largely confined to major industrials, insurers and selected banks.

De Benedetti and Ferruzzi group companies moved against the trend and closed higher, although Olivetti lost 1400 to L16,000.

The market weakness was attributed to a retreat by speculators, and this was particularly evident with Montedison.

Paris was broadly higher but dogged by thin trading again. Sporadic bargain hunting after last week's fall was detect-

L'Air Liquide gained FFr 5 to FFr 724 following the completion of its large US. takeover while Bouygues added FFr 20 to FFr 1.315 after the construction group's purchase of a leading Paris department store.

. Brussels closed mixed in moderate trading with many investors still anxious over the outcome of the Government's language policy dispute. The Bel-gian Stock Enchange index slipped 5.79 to 3,818.64 Zurich steadied after a weak opening.

Some selling, pressure was noticed among leading blue chips. Madrid was sharply lower on concern

over surging inflation and hefty profittaking among construction issues.

200.40 on Opec oil accord hopes, while Unilever dipped Fl 1.50 to Fl 469.

FT-SE 100	1,569.6	1,591.2	1,331.5	Guild				3.2100	3.227
FT-A All-share FT-A 500	789.18	789.42	n/a	Lina			376.5 1 41.30	,965.5	1,977.
FT Gold mines	861.83 286.6	862.91 290.5	n/a 250.2	CS	1.38			1.9910	1,998
FT-A Long gift	n/a	10.53	n/a			NTERE	ST RATE	15	_
TOKYO		_		Euro-	Current	les		Oct 22	Prev
Nikkel	15,819.55 1	8,205.77	13,001.7	(3-mor	th offere	(eften be		11%	11%
Tokyo SE	1,320.19	1,357,87	1,030.68		SFr			4%	4%
AUSTRALIA					DN			4%	4%
All Ord.	1,372.4	1,372.1	1,042.4	FT Los	idon Int	terbenk	. Saine	8%	8%
Metals & Mins.	710.3	719.7	529.4	(offere	d rate)				
AUSTRIA		_	100		3-mont 6-mont			6%a 6%a	8% 8%
Credit Aktien	232.22	230.27	199.29		d Funde			51%*	5"%
BELGIUM				113.3.0	nomth C			5.75° 5.30°	5.975 5.46
Belgian SE	3,818.64	3,824.34	2,715.60			_	_		0.40
CANADA						US B	ONDS	_	_
Toronto			4.040	Treas	ury				
Metals & Minis Composite	2,113.80					Price	ober 22* Yield	Price	Prev Yield
Montreal				6%	1988	100%			
Portíolio	1.527.19	1,525.21	128.27		1993	99°%		99%	
DENMARK					1996	99%		98°%	
SE	198.44	198.23	233.66		2018	94%	7.755 Wings Ba	931%s	7.828
FRANCE						must ou	wargs be	ЯК	
CAC Gen	370.60	366.50	211.2	Tress	ny Inde				
Ind. Tendance	142.70	141.40	76.8	Maturity	1000	Return	Oct 22* Day's	Yield	Dey's
WEST GERMAN	•		0	(years)			change		change
FAZ-Aktien Commerzbank	649.04 1.938.40 1	652.47	557.24	1-30			+0.33	7.15	0.03
	1,930.40	,851.00	1,674.4	1-10			+0.18	6.81	0.03
HONG KONG Hang Seng				3-5	-		+0.05	6.96 6.98	0.02
	closed 2	(238,29	1,666.06	15-30	1	79.33	+0.89	8.31	0.05
Banca Comm.	770.99			Source	: Merriti	Lynch			
	770.99	777.22	397.75	Corpo	rate	Octob	er 22*	Pr	ev.
ANP-CBS Gen						Price	Yield	Price	Yield
ANP-CBS Gen ANP-CBS Ind	270.90 270.10	272.00 271.40	216.5	AT& T 3% July		91.998	6.35	91.68	6.45
NORWAY			TOTAL .		outh Ca		0.00	31,00	0.45
Osto SE	369.69	371.44	373.93	10% Jaa	1993	106%	9.421	106%	9.421
SINGAPORE				Phibro- 8 April					
Straits Times	895.12	887.99	770.68	TRW	1990	97%	8.427	97%	8.427
		_		8% Mar	ch 1996	101%	8.550	101%	8.491
SOUTH AFRICA			Har Ago	Arco					
JSE Industrials		378.0	107.7 969.9	9% Mar	_	104%	9,394	104%	9.418
SPAIN		·		General 8% Apri	Motors	-			
Madrid SE	192.28	195.16	92.56	Citicorp		89%	9.187	88%	9.242
SWEDEN				9% Man		96%	9.749	053/	
J&P	2,486.09 2,	477.67 1	404 19	Source:	Salomon I	Brothers			9.816
				Yield call	ruleted on	a semi-a	nnual basi	5	
Swiss Bank Ind	558.80	560.30	496.0		FINA	NCIAL	FUTUR	ES	
				CHICA		Latest	High	Low	Prev
WORLD MS Capital Int'l		tevious 1 337.9	fear ago		Loury Be			LOW	
		_	228.9	8% 32nd	a of 100	κ.			
CO	MODITIE	3		Dec		95-04	95-05	93-28	94-22
(London)	0	et 22 P	Tév		istary 2		W)		
Silver (spot fixing)			403.40p	Sim pol Dec			94,75	04 66	04 71
Copper (cash)	£926		27.50	Certific	ates of			34.00	34./1
Coffee (Nov) Oil (Brent blend)	£2,237 \$14		27.50	\$1m poi			- designed		
	_			Sep		n/a	n/a	n/a	93.73
GOL) (per ound		I	LONDO					
London	Oct \$42		25.25	Three-r					
Zurich	\$42		25.05	\$1m poi Dec	nts of 10		93,95	02 00	02 00
Parts (fixing)	\$42	6.62 \$4	25.25	20-yee	Notion		an'so	99.CU	30.32
Luxembourg	\$42		26.80	250,000					
New York (Dec)	\$42	9.70 \$4	27.80	Dec		110-13	<u>111-00 1</u>	10-10 1	10-11
" Indicates latest pre-c	tose ligure		I	* Latest a	silable lig	ures			
							_		

AUSTRALIA

A RETREATING resource sector was offset by selective buying among leading industrials in Sydney where the market stayed near record levels. The All Ordinaries index ended 0.2 lower at 1,372.4, but some issues did manage to advance to new 1986 highs.

Golds found strong early support but this eased later as investors switched their attention to blue-chip leaders, including media, food and insurers.

Oils attracted renewed interest on suggestions that Opec had reached a production quotas accord. Among industrials the stronger currency and an expected easing of interest rates helped bolster demand for most leading issues. BHP gained 2 cents to A\$8.60. Large trading banks continued to lose ground. Among issues reaching new highs were diversified industrial Boral, up 9 cents to A\$4.35; energy group Hartogen, 5 cents higher at A\$2.45 and property group Lend Lease, which gained 10 cents to A\$10.20. Media issue News Corp rose 6 cents to A\$36.60, while gold group Placer Pacific put on 13 cents to A\$3.16.

SINGAPORE

A FIRMER trend across the board reversed the fall in Singapore, but trading was thin amid the buying and short covering. Small investors dominated activity, but some operators remained cautious ahead of tomorrow's Malaysian

budget. The Straits Times industrial index rose 7.13 to close at 695.12.

Turnover declined to 20.7m shares and Selangor Properties, the most active again traded 1.6m shares. It closed 1 cent higher at S\$1.29.

SOUTH AFRICA

MINIMAL interest led gold shares to close mixed in Johannesburg with no clear sense of direction despite a steady bullion price. A weaker financial rand appeared to have little impact. Industrials also closed mixed.

Vaal Reefs closed up R5 at R387, while Randfontein gained R5, taking it to R435. E. T. Cons lost R1 to R76 and Beatrix 30 cents at R15.80.

CANADA

MOST MAJOR share groups turned higher in Toronto with industrials showing the largest improvement.

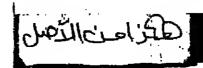
Oils reacted mildly to an Opec accord to extend production restraints through November and December. Imperial Oil A rose C5% to trade at C544% while Gulf Canada gained C5% to C514%. Dome Petroleum put on 4 cents to C\$1.19. Montreal was slightly lower.

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SECTION III FINANCIAL TIMES SURVEY

Arab Banking

Bad debts have forced the banks to reschedule loans and in some cases to sue defaulters. By the end of next year, however, the problems caused by the recession will have worked their way through the system.

Banks pay for lax lending policy

equipment and venicies—where they as demand can fall by 30 per cent in two months. There are many companies in importing, real estate and contracting which now have revenues 80 per cent below what they were in the early 1980s.

12

112

THE BANKS and trading brought to court the authorities in the seen caused by the collapse of oil production and prices in the past three years. Recessions affecting oil pro-ducers in the Arabian Penin-mila happen more suddenly and to a big disincentive to the banks sue n in the arabian penin-may lower the rate of simple interest that the borrower is the borrower is amount to a big disincentive to the banks to pursue their recal-citrant borrowers by lifeation. The banks admit that in part is government construction con-tract payments drives up quickly. One finds markets—in built of the borrower is and if government and vehicles—where the and the source of 1974-82 they lent far too is generously. If a customer had an important person they assumed he was credit-demand can fail by 30 per cent

By Michael Field

now have revenues 80 per cent below what they were in the early 1980s. For the banks, the recession has meant a spate of had debts. At the end of last year they made substantial provisions, think of reputation rather than but in the region as a whole they security in the conventional still have about 25 per cent of sense. The mistake they made their loans that are not perfor-was in not getting to know their ming, in the sense that either interest or principal are not free recession has been accentuated in Kuwait by tha aftermath of the crash of the sout al Manakh, in 1982. In sout al Manakh, in 1982. In sout al Manakh, in 1982. In sout al Manakh, in Shariah usny and is illegal. As long as ing and is the matter is not-themaly security their decision by telling As long as in the sense sout a state of the sout at legal. sury and is illegal. justify their decision by telling As long as the matter is not themselves that they were adap-

ting to the local enlines. Later, when the recession began, some of the foreign banks, operating from Bahrain, London or America, increased their clients' problems by cut-ting their lines of credit. Most of the companies with whom the banks had these somewhat unprofessional and opportunistic relationships were small and npsophisti-cated. It is now mainly firms of these types that are causing the banks their problems. Many of the owners, finding themselves in difficulties, turn become more willing to sue. If the borrower is a Sandi they take it for granted that they will lose their interest, but they hope to get their principal back. They are spurred to action by the knowledge that many of their clients who appear to be bankrupt at home have assets abroad which make them mil-lionaires. Banks have had almost no success in obtaining repayment through forcing elients to liquidate foreign

themselves in difficulties, turn investments, to the banks and say in so many In the las In the last two months four to the banks and say in so many words: "In the good times yon were happy to lend to us and make big profits from us, and now that times are bad yon should share our losses." This attitude is sometimes found in companies which used to have

turnovers as big as \$100m to \$100m. An exasperated banker in Bahrain recently summed np the position: "These people don't understand what a bank is," he said "To some extent they look upon loan as equity finance, it's a matter of mental-ity as much as unscrupulous.

they look upon loan as equity not disputed the interest they REDEC contracting and prop-ity as much as unscrupulous debta. "Now that they're trapped with bad investments and debt sons they propose are to wait in the last 2½ years there has and Arabian Bulk Trade, a con-sorts in Saudi Arabia, affecting and Arabian Bulk Trade, a con-tiery empire of Ghaith Pharson, and Arabian Bulk Trade, a con-struction materials importer they for the soncessful companies. "Although bankers concede that many of their customers are being unheipful or Dodge, had its assets seized on distonest. A number of banks the orders of Prince Salman, the orders of Prin

In the last two months four banks in Bahrain that have become impatient with these Fnhad Sbobokshi contracting types of problem have filed company rescheduled \$400m of suits against Abdullah Fouad, a bank debt. Smaller reschedul-prominent businessman in a Sandi eastern province, whose were organized by Halwani Sandi eastern province, whose dah food manufacturer and Beta Services; This waar three major com-

recession-proof. Some have and do not at all understand the never borrowed money, even to structural change that is taking finance imports, and others, place in their economy.

finance imports, and others, place in their economy. since they saw the recession They imagine that all opportu-coming, have sold only for cash nities will continue to come If their instincts are right, the from government spending and banks will be immersed in large do not see that in future they and small reschedulings end will have to operate in a more "workonts" for about another complex environment, in which year. Most of their clients, like-the private sector will be deal-wise, will remain preocrupied ing with the private sector (as it with their debt and with retren-does everywhere else in the ching in the face of recession. world) and where markets will Given that a majority of Arabian be composed not just of one Given that a majority of Arabian be composed not just of one companies are run by just two client-the state-but of or three people they tend to thousands and millions of com-think corporately of just one panies and individuals.

issue et a time. issue at a time. From the end of next year, however, the hope is that com-panies will have adjusted to a poorer economy and will be looking to see what types of new business they can do in it. There are: a few companies such as the Olayan group and E. A. Juffali and Brothers in Sandi Arabia, which have been inves-ting through recession. But most Gulf and Saudia entrepreneurs

Many businessmen are now

Gulf and Saudia entrepreneurs sarily to repay their loans but to do not realize that companies recapitalize their companies can make money in bad times and start them generating

income again. But given the unimaginative management of Arabian companies, the uncertainty over oil prices and the prosperous state of the Western economy they are likely to be disappointed.

Contents Western capital markets Switzerland page 2 Private investment in West Saudi Arabia page 3 Debt: Algeria Egypt Tunisla Morocco page 4 Government investment: Abu Dhabi Oatar Saudi Arabia Kuwait page 5 Kuwait Bahrain offshore banks page 6 LIAE

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Egypt



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Founded by: ABDUL MAJEED SHOMAN HATEM KCHOUK

Waking up to far-reaching changes

ARAB BANKS have often been York's Moseley Holding sccused in recent years of being Corporation. stick-in-the-muds as far as Two complementary forces international markets are con-are at work here: first, an almost cerned

cerned. They grew fat through the 1970s and early 1980s by belping to recycle the Middle East's financial surpluses into easily-packaged products like syndi-cated loans or to finance trade with the region. But when that

to recycle the Middle East's for Arab investors and institu-financial surpluses into easily-packaged products like syndi-cated loans or to finance trade with the region. But when that business started to go sour, many of them seemed unable or unwilling to adapt. Gradnally, however, that stereotype is being called into question as a number of Arab banks wake np to the far-reaching changes under way around them in the capital mar-kets. The talk in the region is all of investment banking, of fee-generating services and the securitisation of debt And marc banks are branching nut from A few Arab-owned banks have Img been established in the West. These include the United Bank of Knwait, the London bank owned by 13 Knwaiti institutions which is active in the more mathets and has Most bave had little chnice but to move in this direction. Since the downturn in nil revennes and the collapse of the construction industry in coun-tries like Sandi Arahia.

Most bave had little chnice but to move in this direction. Since the downturn in nil revennes and the collapse of the construction industry in coun-tries like Sandi Arahia, a walter of hed debts has scared bankers away from lending to companies in the region. At the same time, the international market for syndi-cated loans-which provided in the early 1980s-has all hnt dried up as a result of the prot-dried sovereign debt crisus. In 1984, it led a consortium

dried up as a result of the prot-racted sovereign debt crisis. More generally, though, Arah banks have had to recognise that the opportunities. for secure, profitable and produc-tive investment within the Mid-dle East are likely to remain investment within the Mid-East. In 1964, it led a consortium which bought Banco Atlantico, a leading Barcelona-based com-mercial bank that was once part of the troubled Rumasa empire, from the Spanish Government.

dle East are likely to remain Since then, it has acquired 75 limited for the next couple of per cent of another commercial years et least. The search bas been on Kong and increased its stake in among Arab banks, therefore, a West German subsidiary, Arah for new financial products, Banking Corporation-Daus, often in new locations. The which operates in the Dentsche boom in Western stock and bond markets over the next couple of

Mark Eurobond market among other areas. ABC has also been boom in Western stock and bond markets over the past coople of years has served as an edditio-nal lure for many Middle East for Arab financial activity has shifted international full-service financial centres like London-even if many banks retain a foothold in regio-nal centres like Bahrain. There are more than 40 Arab Finance groups penetrate

nal centres like Bahrain. There are more than 40 Arab banks in London, and the num-ber of Middle Eastern bankers there is rising, according to Mr Hikmat Nashashibi, chairman of the Arab Bankers Association there and vice-chairman of New

in before the harrier was have declined recently. lowered, the hig Arab banks Credit des Bergues, set np in have been prevented from set-ting np banking operations hy share capital by the Kuwait the Swiss authorities' strict Foreign Trading, Contracting interpretation of reciprocity. Under this banking licences

universal wish to seize back some of the lucrative portfolio management work carried out for Arab investors and institu-

> Abdalla Saudi, chief Corporation.

g Corporation. Siegl, a senior manager, from Bahrain to head a revamped capital market and corporate finance operation. A rab-linked groups have also been on the acquisition trail. Banque Arabe et Internationale d'Investissement, an inter-national consortium merchant bank, has obtained e foothold in the London stock market ahead of the deregulatory Big Bang by huying Sheppards and Chase, a medium-sized stockbroker. In New Ynrk abont a year ago, a group of Middle East investors I a Knwalt, bought a 40 per cent stake in the parent of an ailing Wall Street firm, Moseley Secur-stake in the parent of an ailing Wall Street firm, Moseley Secur-stake in the parent of an ailing Wall Street firm, Moseley Secur-in Knwalt, bought a 40 per cent Middle East, Europe and New York. Alternatively, some banks-hyve chosen to set np joint ven-

THE VISIBLE Arab banking presence in Switserland is pre-dominantly Lebanese, is heavily concerned primarily with the managing of the wealth of pri-vate investors. With the exception of the Arah Bank of Amman, which got in before the harrier was lowered, the hig Arab banks have been prevented from set-ting np banking operations hy the Swiss authorities' strict

barrier

Financial Times Thursday October 23 1986

40

ARAB BANKING 2

Role in Western Capital Markets

like the Bahrain Middle East reason for the relative lack of Bank, another locally-incorpor-ated OBU. It has established an in international securities mar-Bank, another locally-incorpor-ated OBU. It has established an kets thus far. investment bank in Geneva in Conjunction with Bank Leu, and "Middle East financial intermediaries have been predomi-nantly confined to deposit and loan activity and the mentality associated with it," he says. is planning to set np an offsbore chant bank with some members of the Hambro family. The third, perhaps more con-

There is nn doubt, too, thet events such as the Souk al Manservative, approach has involved simply expanding a bank's branch network ehroad to supplement its existing Mid-die East operations. This is e akh debacle have tarnished the image of Arab financial institu-tios in general, while official tios in general, while official nervousness about the interna-tionalisation of currencles like the Sandi riyal provides another hindrance to the integration of the Middle East into the international system. crucial difference between ABC and its nearest locally-incorpo-rated rival, Gulf Internatinual Bank. The former sees itself as an international hank which an international hank which happens to be based in Bahrain, the latter—owned by the six member states of the Gulf Co-operation Council and Iraq—as a Middle East bank above all else. So although GIB has expanded its branch network, it insists this is purely to supple-ment its core activities carried out from Bahrain. Another important factor is the lack of placing power shown by Middle Eastern banks, with a few notshle exceptions. The financial or institutional infrastructure is simply not suffi-ciently sophisticated to creat a free flow of investment instru-

out from Bahrain. The National Bank of Kuwait, Arab bankers are not deterred, however. They believe their regional connections ought to give them an important niche in the international market

ually develop into a proper institutional system which could lead to the creation of regional capital markets. Arabs nften express a desire to see more Middle Eastern money invested at bome, or to see more

value added to the Arab world's capital surplus within the region through the construction of a thriving financial services industry.

Until the right investment instruments are developed and the private sector is given more of a genuine role in regional of a genuine role in regional economies, bowever, the Middle Eastern financial system is likely to remain an adjunct of, rather than an equal to, thet in the West

Andrew Gowers

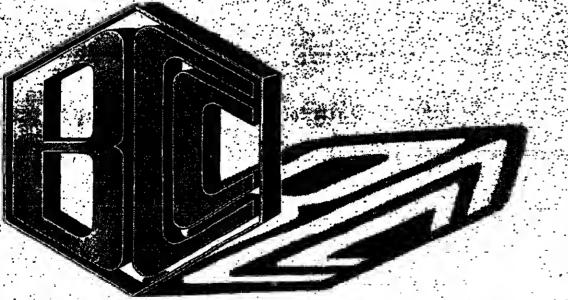
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executive of Arab Banking

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منك الاعتماد والتجارة الدولى BANK OF CREDITAND COMMERCE INTERNATIONAL TO AN ANAL MAN AND STREET DEAL OWAL USA

a unione docume, anticipationer can be be a series of the product of the series of the Hong Kong, India

interpretation of reciprocity. Under this, banking licences in Switzerland are granted only to institutions from those countries which allow Swiss hanks to establisb hranches on their ter-ritories. Lebanon is the only Arah country to fall into this

Arab interests are in some instances represented in the Swias branches of French nr British-based banks and in a couple of cases Arab financiers have taken minority holdings in banks with hig Swiss banks as

senior pariners. The classical way of circumventing the Swiss reciprocity rule has been to set np a finance The degree to which finance or parlies in the local Switzer and the series in the local Switzer and the series and the series and the series are not allowed to accept deposits from the public but are easily system and the series are not the company in Switzerland and one experienced Arah banker

Trade financing is prominent in some operations hat as with the banks the main emphasis would seem to be on portfolin menage-

This et least is the case for the has its beed office in Zurich but Lebanese. Bahrain Middle East Saudi Finance Corporation, its operations are almost Bank EC crept under the

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13.7m

and a minority Saudi partner, has had a rather different experience and may offer e better illustration of the opportuni-ties available for finance company operations in Switzerland. The Kuwait Government-

owned corporation's first Euro pean ventue, it provides trade finance, has a foreign exchange nperation, plays the interbank market and trades in financial futures and optinns. The shareholders chose Geneva as their first European base because the private bank-

ing aspect was ettractive, a lot of ing aspect was ettractive, a lot of trading companies were active there and the competition was not as tough as in Londou, a senior spokesman said.

Interests has chiminated in the catoliners in Latin America. last two years, when balf a Among the newcomers to dozen new banks set up in Switzerland of the last two years Geneva. Arah Bank (Switzerland) Ltd Bank stands out by being non-

of which is private Arah capital. Swiss banking secrety remains an asset for investment manage-Mebco bank, is part of the Mebco-Petre group which includes the Middle East Bankment, Mr Azmeh says, and Arab Bank benefits stongly from the ing Company. Beirut, the Natio-nal Bank of Suden and Petra Bank of Amman. large number of Arab tourists

Audi Bank was among the first Audi Bank was among the first of the Lebanese banks to move to Switzerland after the crisis Societe Bancaire Arabe is an Societe Bancaire Arabe is an example of investment in e Swiss hanking operation through France. Its sherehol-ders are prominent Kuwaiti, Saudi, Lebanese end Syrian businessmen.some with dual French patienzilium which had made it difficult to operate from Beirut and is has one of the biggest success stories. In Beirut, Audi was essentially a commercial hank, although the foundation of its nwn "cocktail" French nationality which allows them to overcome the reciprocity obstacle. It, too, is nffering full hanking services, not just portfulio management, and is doing money market busibank, infibank, in the early 1970s with minority participa-tions by several foreign banks, had opened its eyes to the potential. In managing and ness.

business is portfolin management

William Dullforce

Arab Controlled Banks in Geneva and Zurich

Name Arab Bank (Switzerland) Ltd Banque Algérienne du Commerce Extérieur Banque Audi (Suisse) Banque Algérienne du Commerce Extérieur Banque Audi (Suisse) Banque de Commerce et de Placements Banque Libanaise pour le Commerce Banque de la Mediterranée Banque Unie pour l'Orient (Banorient)	Date founded 1962 1981 1976 1981 1976 1976 1976	Share capital SFr 26.4m 20 25m 20 25m 20m 20m 20m 20m 12.5m	December 1985 SFr 1.3bn 140m 358m 140m 358m 504m 33m 122m	Ownership Mainly Shoman family, Amman, Saudi and Kuwaiti governments Bank of same name, Algiers AudKuwaid governments Bank of same name, Algiers Audi family; heirs of Sheikh Nasser Al Sabah, Kuwait; Saudi and other Lebanese private investors Bank of Credit and Commerce International, London, 85 per cent BCCI is owned by the Al Nahayan family, Abu Dhabi, Saudi and other Arab Investors Bank of the same name, Beirut Bank of same name in Beirut Bank of same name in Beirut Banque du Liban et d'Outremer, Beirut
Mebco Bank	1984	20m	33m	Mebco-Petra Group
Société Bancaire Arabe (Suisse)	1984	20m	46m*	Société Bancaire Arabe (Paris), Banque Worms
UB Universal Bank (Suisse)	1984	14m	42m	Universal Bank, Beirut
Wedge Bank (Switzerland)	1985	25m	145m	Part of Wedge financial and industrial group owned by Mr issam Fares, Lebanese ciUzen resident in Switzerland
	Bat	the with mino	rity Arati shareh	olding
Bank for Saudi-Swiss Trade and Investment	1979	50m	140m	Union Bank of Switzerland 60 per cent and Saudi neural family

1

60 per cent Bahrain Middle East Bank EC 40 per cent, Aubert et Compagn 31 per cent, Bank Leu 29 per cent Credit Suisse 70 per cent, Pearl Holding, Rotterdam 27 per cent. Pearl is owned by Kuwalti Banks

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*End September 1986. **End June 1986.

BMB Trade and Investment Bank

Swiss-Kuwaiti Bank

ARAB BANKING 3

Saudi Arabia **Problems come** into the light

still lacking a decline, but for the first time since the slide began in 1964, the Kingdom's bankers think they know how bad the problem is. This is something which gives them a certain amount of com-fort. Previously, as bad loans secretiveness aset bankers secretiveness aset bankers scrambling in the dark. Confi-dence plunged. Bankers now the first half of 1986, compared worse it will get before things get better. A turnaround of mod-est proportions may take place within a coupla of years, accor-ding to some. The big moblem is bad loans

within a couple of years, accor-ding to some. The big problem is bad loans. Bankers have boosted provi-sions to cover non-performing loans. The Sandi Arabian Monetary Agency (SAMA) is per-mitting banks for the first time to share some information on bad loan customers. Still, no way loan customers. Still, no moves have been made to recon-cile the conflict of interest-oriented Western banks and the Islamic Sharia lew which for-bids the giving and taking of interest.

interest. Consequently, no bank can obtain enforcement of payment of interest on loans. Bankers speak derisively of customers who find "religion" when their loans payments fall behind. Only two of the Kingdom's nine joiet-venture banks bave reported gains in profitability for the first balf of 1986; most have reported large drops. Saudi Cairo Bank, bowever.

Sandi Cairo Bank, bowever, received the worst news when its shareholders learned at a

Only two of the jointventure banks have reported gains in profit for the first half

1.2. . .

arm

of 1986

BANKING in Saudi Arabia is Two banks, Saedi British still facing a decline, but for the Bank, 40 per cent owned by Brit-first time since the slide began ish Bank of the Middle East (of

even more difficult.

The two Saedi banks, Riyad Bank and National Commercial Bank and National Commercial Bank, do not operate on the Gregorian calendar, but bave also posted drops in their latest results. Riyad Bank's qoarterly earnings for the period ending June 5, were down 40.1 per cent to SR 48.3m, with large provi-sions. NCB, the largest bank in the Kingdom, reported an 80 per ceet drop in profits for its last full year of operation, and made a provision for had loans totaling SR 691m.

totaling SR 691m. USCB increased assets by 35.2 per cent climb to SR 3.7bn, but most of the ohers reported only alight increases. Three banks reported declines, incloding Saudi British, SAIB, and Bank

Saudi British, SAIB, and Bank Al-Jazira. Only three banks reported increases in loans and edv-ances. USCB posted an 11.6 per cent gain to SR 700m. Seudi Freecb Bank surprised obser-vers by increasing loans 4.4 per ceet to SR 6.6bn. Arab Netional Bank raised loans 2.9 per cent to SR 2.8bn. Most banks are trim-ming portfolios, and have not ming portfolios, and have not proven eager to extend new loans. Observers say the port-folio decreasa is due to loans

folio decreasa is due to loans being paid off, not to write-offs. Banks are loath to write off loans in the kingdom because there are indications under Islamic law that once a loan is written off, it is an admission that the loan cannot be col-lected, and absolves the debtor of reponsibility for paying it off. Many loans in the kingdom are unsecured, and even with loans of 1986 September meeting that former General Manager Dr Hamid Al-Hunaidy was under investiga-tion "for exceeding executive authority" in making loans, and were asked to approve donbling of share capital. The irony was that Dr Al-Hunaidy had been called in by SAMA to clean np the bank in 1982, At that time, the bank reported a SR408m (\$105m) loss due to precious metals trading between 1979 and 1981. After an 18-mouth investigation by SAMA and Sandu-Jegal author unsecured, and even with loans that are secured, it is difficult to seize assets within the kingdom.

due to precious metals trading between 1979 and 1981. After an 18-month investigation by SAMA and Saudi legal author-ities, Banque Du Caire secon-dee managing director Mr Bahgat Khalil and his foreign department director Mr Ahmed Abdul Baseet Baineeb, were Abdul Basead \$2.840 and jailed for

IN THE last four years private Arab investments in the industrialised countries have become much bigger, mor sophisticated and respectable. sophisticated and respectable. The watershed was in 1982 when the Souk al Manakh, Kuwait's unoffical stock exchange, crashed, and pulled all the other stock exchanges in the region into decline with it. At the same time Iran won some major victories in the Gulf war, which put e political impetus behind the flow of foreign inves-ment. And as oil production ment. And as oil production dropped and the first signs of recession appeared in the region, rich Sandis and Gulf

bankers accept as being reason-able, includes the investments of Arah banks and investment companies, but not their net Arabs realised that their money foreign loans and money market would grow faster abroad than at home-which had not been positions.

Nashashihi believes that this the case in the previous 10 years. year there may have been a net return flow to the Middle East of years. In the 1970s foreign invest-ment was regarded in the oil states as being faintly unpatrio-tic (as well as relatively unpro-fitable). Businessmen did not like to talk ebout it too mech. Now it is the only boom area of the Arabian Peninsula eco-nomy-people talk about it with enthusiasm as an expansion and diversification of their businesses. There is a realisa-tion that evec if oil prices and return flow to the Middle East of perhaps \$1hn. If the figure is correct, the flow would have been caused by ievestors want-ing to realise their profits on the western boed and equity mar-hets and, possibly, by their feel-ing that there are very cheap assets to be picked op et bome. This would be most obviously in the real estate market, where prices beve fallen by as much as 80 per cent in the last few years.

businesses. There is a realisa-tion that evee if oil prices and production recover there will never be a boom like the oee of the 1970s again, not least because there are obvious limits to tha types of develop-ment that can be undertaken at home Nashashihi coecedes that be Nashashihi coecedes that be is not sure about this flow, and he points out that Arabs have a habit of discussing an idea over and over again with their friends before they act. In effect with many financial trends in the Arab world oce hears e great deal before there is any ereat deal before there are many who are already involved in the business: there are many

than on new funds leaving the At the same time as they have expanded, the pattern of Arab foreign investmeets has

Private Investment in West

foreign investmeets has changed. In the 1970s most Gulf Arabs were extremely conserva-Arabs were extremely conserva-tive-coecentrating oe bank deposits, fixed interest secur-ities and property, which they normally bought to live in rather than as an investmeet in the convectional sense. A very small number were wild specu-lators.

lators. Among the richer merchants Among the richer merchants the habit was to look upoe fore-ign operations more as trade than investment: the idea was to deal and realise a profit rather than to build an overseas business that would yield income ie the long term. Now investors' operations are more organised and professional.

Foreign operations here to stay trading businesses—have fortune from contracting in the opened foreign investment Kingdom; Ahmed Hamad Algo-departments in their company saibi, who is the major meropened foreign investment Kingdom; Ahmed Hamad Algodepartments in their company saibi, who is the major merchant in the Saudi Eastern Prochant investment of the four or five most investment operation in Monaco, which has in Britisb and American Algon and investment in Saudi I are 1970s and bas big bolding companies have been for investment.
Abdul-Aziz Sulaimae, the seed in active and successful at present

ings in Britisb and American Manakh crasb and the Kuwaiti real estate. Abdul-Aziz Sulaimae, the soe of the Finance Minister of the active and successful at present late King Abdul-Aziz and part is Coast, which is rue by Faisal owner of the Saudi Nisson Ben Khadra, who bas previously importer, Siraj Zahran, has an investmaet subsidiary ie Arab Economic Development, Geeeva aed offices ie New York and Loedon. American Manakh crasb and the Kuwait In Londoe and the Industrial Bank of Kuwait

bome. It is accepted by the higger businessmen, therefore, that, foreign operations have come to stay. In future the big Arabian trading houses will have an international aspect. There is no concensus figure for the size of Arabian Penin-sula private foreign assets. But Hikmat Nashashihi, who last
with many financial trends in anord there is and the function of their own spectation state anord their own spectation of the size of Arabian Penin-sula private foreign assets. But Hikmat Nashashihi, who last
with many financial trends in anord their own spectation of the size of Arabian Penin-sula private foreign assets. But

group of investors which bought nearly 25 per cent of the New York investment bank, Smith Barney, in 1982; the Sadi side was led by the Aggad Invest-ment Company. Since then it bas participated in the Terrasse de Geneve scheme-developing a golf course and other ameni-ties on French territory overties on French territory over-looking Geneva.

It is institutions such as Coast that have been behind most of the well-publicised direct Arab investments in Western besinesses in recent years. Family investment operations bave bought real estate on a big scale and occasionally have bought companies that would complement their trading and industrial businesses at home, bet they have not made other direct investments for their own sake, possibly because of the demands these would make on their already stretched manage ments.

ments. The most prominent institu-tion to have organised direct investments is the Babraini offshore company, Investcorp, which has 12,000 shareholders from all the Arabian oil produc-ing countries. It has done 12 deals worth about 51 ho with

ing countries. It has done 12 deals, worth about \$1bn, with the best-known baving been its purchase of the New York jeweller, Tiffany. In every case It has sold the major part of the companies it has bought, to investors ie Europe and America as well as its own sharebolders. It has kept 5 or 10 per ceet of the equity in its own sharebolders. It has kept 5 or 10 per ceet of the equity in each deal, partly as a testimony to its own faith in the schemes, bet it makes its money from organising the sales or manage-meet huy-outs. It has eaver weeted to get ievolved in man-orise its purchases aging its purchases.

Michael Field

laking our name apart

SR7.18bn Loans and advances The imponderable is the feil to SR3.92bn. Shareholders effect of the conversion of Al-approved doobling the bank's capital.

approved doobling the bank's capital. The results for the kingdom's other banks were also down for 1985. But first half results of 1996 show that the smallest banks have reversed tha trend. Saudi Inveatment Bank (SAIB) e joint venture 20 per cent owned by Chase Manhattan, reported a first balf profit of SR 1.1m after making SR 20m provi-sions. This compares to a loss of SR 1.1m for the first half of 1985. United Saudi Commercial Bank, a joint venture involving Ira-nian, Pakistani, and Lebanese banks, has overtakee SAIB in asset size, and cut iis 1985 first half loss of SR 13.1m to SR 5.9m, after taking SR 19m in provi-stons. The remaining joint venture banks showed declines in pro-fitahility. The largest decrease occurred at Albank AlSaudi AlHollandl, a 4000 joint ven-ture with Algemene Bank Nederland Profits for the first six months after provisioes, were SR 11m, a drop of 56 per cent. Sandi American Bank, a 40600 joint venture with Citit-bank, posted a six-month net

BANK RESULTS

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		First six months	1986	
Bank	Assets (%+)	LOSSS (%+-)	Provisions (%+-)	Net Profits (%+-
	SR ba	SR be	SR m	SKI
Saudi French	14.3(+5.4%)	66(+4.4%)	84.6(+104.3%)	53.3(-15.6%
Saudi American	141(+3.5%)	4.5(-12%)	70.3(+135.6%)	85.8(-37.5%
	10.8(+9.5%)	28(+2.9%)	36.6(+40.5%)	80.21-31.6%
Arab National	9.7(+8.9%)	42(-1%)	25.0(-13.7%)	11.04-56%
Sandi Hollandi		3.1(-8.1%)		-
Saudi British	7.6(5.4%)	2.1/-0.1 40		
Saudi Cairo				
Bank Al-Jazira	4.6(9.8%)	1.8(-4.5%)		-5.9(+55%
USCB	3.7(+35.2%)	0.7(+11.6%)	19(+90%)	
SAIB	3.5(-9.1%)	1.1(-10.7%)	20(0%)	1.1(+178.2%
Rivad Bank"	31.01(-5.5%)	10.64(-2.0%)	96.5(+2.8%)	48.3(-40.17
NCB		_		

one year. Saudi Cairo, a 60/40 joint ven-bure with Banone Dr. Courts do not enforce payment

Saudi Cairo, a 6040 joint ven-thre with Banque Du Caire, is the only joint venture bank in sharing aystem that permits banks to pool information on sharing aystem that permits banks to pool information on bad debtars. SAMA established information sharing aystem that permits banks to pool information on bad debtars. SAMA has also won kudos for its quiet support of Saudi Cairo baars made to individeals far exceeding SAMA's statutory limit on a percentage of expo-sure with any single borrower. Although the bank, propped up by the Saudi Arahia Monet ary Ageecy (SAMA) low-cost fits for a couple of years, it reported zero profits for 1865, and a slight decline in assets to SR7.18bn Loans and advances The imponderable is the

Some foreign joint-

Kuwait foremost financial and commercial centres, we're well-placed to act swiftly and responsively in the financial markets, project financing and real estate development.

cent. Sandi American Bank, a 4060 joint venture with Citi-bank, posted a sir-month net from the same period the pre-vious year. Arab National Bank Ltd of Jordan, posted net ear-nings after provisions of SR 80.2m, a fall of SR 31.6 per cent. the same period sector of the sector o

agriculture. Trading

Foreign

By tradition, Kuwaitis are traders and our institution is no exception.

Our operations take us into over 20

countries in all five continents. In these

foreign parts (foreign but not strange to

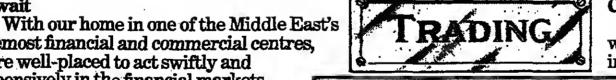
from mining and manufacturing to

us), we are involved in projects that range

tourism, hotel management, banking and

Financing international trade is one of our specialisations. Securities and foreign exchange dealing are among our daily activities.













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Contracting

Though not building contractors as such, we are involved in all aspects of real estate including design, construction supervision and management.

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We are a diversified financial institution as active in the international capital markets as in portfolio management for institutional and individual clients.

Company

On the outside, our activities might look diverse, but we are a company of concerted and co-ordinated skills and resources. Taken individually or together, they could mean a great deal for you.

Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.) P.O. Box 5665 Safat, Kuwait Telephone: 2449031 Telex: 22021

ARAB BANKING 4

Tunisia

Arab Debt

Oil crash exacerbates debts

1986

3,800

*inclusive of short-term debt which amounts to \$1.5bs. †As a percentage of experts of goods and services.

1985

Sm

17,000 3,900

87

34

The debt problems of a number of Middle Eastern countries have been sharply exacerbated by the recent fall in the price of oil, and several states in the region are engaged in delicate negotiations either with their creditor

Debt service ratio on

Searce: FT estimates

debt

banks, as in the case of Iraq, or with the International Monetary Fund. In the articles below, FT writers look at the sovereign debt of four North African countries.

1964

16,000 4,700

74

37



IV

THE DECLINE in the value of the US doller and the sharp fall in the price of oll and gas will together deprive Algerie this year of 40 per cent or more of its real purchasing power abroad. Algerian banks have already raised ebout US\$20n this year and probably hope to find a lit-tie more before the year is out. They have to service a debt of about \$17bn (as of December

and probably hope to find a lit-ments could also increase tie more before the year is out. exports by \$1bn-pig iron, They have to servica a debt of wheel barrows, dates, phos-aboot \$17bn (as of December phates and bathroom fittings 1985), at e cost of \$3.8bn in 1986, and hydrocarbons.

roughly the same amount as was needed in 1985. The country's foreign income is expected to decline to \$8hn and imports are not expected to be higher than the figure. and imports are not expected to be higher than thet figure. Orders were given to cut back investment by 25 per cent when the budget was rewritten last spring. Such belt tightening will the price of oll was high. Earlier

nonetheless not prevent the cur-rent account deficit from to derailing e loan for the Ban-increasing from last year's que Algerienne de Developpe-figure of \$200m to well over ment which had to be cut from \$1bn. Thus the deht service as a \$500m to \$300m. percentage of exports of goods and services will increase from and services will increase from just over a third to over 40 per cent. So far this year, Algeria Developpement Rural was does not appear to have drawn much better received, essen-on its reserves, which doubled to \$28bn at the end of last year. ders more favourable condi-to \$20 million that confirmer.

The situation that confronts Algerian leaders is difficult,

Algerian leaders is difficult, therefore, and no one in Algiers is under any illusion that there is room for manoenvre. First of all, the re-written bodget for 1996, which is being implemented has already cut Socreting the company of the denire expressed by many internatio-nal banks to sell part of the market, Some banks have suc-ceeded in obtaining the consent of the denire

Secondly, many companies of the Algerian authority to do signing new contracts with so on specific trade credits, Algeria have been asked to while others have resold the forgo the 15 per cent down pay-ment in cash and roll that figure ment in cash and roll that figure into the supplier or buyer credit heing arranged for the project

into the supplier or buyer credit heing arranged for the project as a whole. Thirdly, Algeria is raising would be better advised to more 18-month money on a bank to bank basis than hitherto, although short-term ioans are than \$1.8bn of the overall debt figure. Counter purchase agree-

not so constrained by foreign debt as to have lost all freedom of menoeuvre. The World Bank has, in the

The World Bank has, in the past few years upped its loan to Algeria-the ceiling is expected to be lifted next year from \$500m to \$600m. The IMF pri-vately, too, feels Algeria is doing a reasonably good joh and there is no question of wholesale rescheduling. What Algeria might resort to, however is refinancing certain Banks, not least the Japanese and French have been happy to lend further to Algeria so far, but some other hanks feel that however, is refinancing certain bank loans so as to extend its debt maturity profile and lighten the burden of deht repayn

Francis Ghiles



EGYPT'S EXTERNAL deht pic-ture has been marked in the build up of arrears by a rapid build up of arrears --- from US\$800m in mid-1982 to US\$4.3bn by the middle of this

About 60 per cent of arrears is overdne interest payments, some of which is attracting a ponalty. Exypt's debt service position is continuing to deteriorate, although new borrowing has virtually stopped,

The International Monetary

TUNISIA faces today its most serious economic and balance of payments crisis since the late Fund, in its latest survey of the Fund, in its latest survey of the Egyptian economy, reports that external debt reached \$38.6bn by mid-1966. This compared with debt of \$38.29bn in 1984-85. Debt service commitments this year total \$5.5bn of which \$2.8bn is amortisation and \$2.8bn is amortisation and 1960s. The sharp fall in the price of oil, which until last year was of oil, which until last year was Tunisia's major export, the fall in tourist receipts following the US bombing raid on the nearby Libyan capital last April, and a disastrous cereal crop due to drought have all contributed to a foreign exchange shortage estimated at US\$300m for 1988. These difficulties come on ton \$2,7bp interest. The IMF report

\$2.7bp interest. The IMF report mentions a further \$500m which represents obligations on foreign currency deposits in the banking system. The \$5.5bn debt service com-mitment in 1965-86 amounted to some 53 per cent of current receipts including remittances from Egyptian workers abroad. Approximately \$33.8bn of Egypt's debt is medium and long term. \$4.8bn represents short-term liahilities. Egypt differs from Latin

Egypt differs from Latin American debtors such as Mex-ico in that almost all its liabili-ties are either covered by gov-ernment guarantees or are to international agencies. This should facilitate re-scheduling. Egypt's main creditor is the US. Loans outstanding at mid-year, incloding civil and milit-ary, totalled \$0.9bn on which debt service obligations this year were \$705.2m. Military dabt (all new assist-ance was converted to grants in 1984) stands at \$4.3bn on which commitments for this year are \$543.5m. Egypt differs from Latin

543.5m.

Egypt's largest multilateral creditor is the Gulf Organisa-tion for the Development of Egypt (GODE), which provided Egypt initially with some \$1.7bn after the food riots of 1977 shortfalls Dinars 145m. alarmed surrounding Arab states aboot Egyptian internal stability. The GODE joans, which cen-

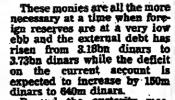
tral bank governor Ali Negm has described as a " revolving credit," permitted the elimins-tion of debt-service arrears which had risen to about \$1hn by April 1977,

by April 1977, Egypt's "usable" foreign exchange reserves totalled about \$600m at mid-year, accor-ding to the IMF. This is suffi-cient cover for less than one month of immediate

cient cover for less than one month of imports. Foreign assets of Egyptian commercial banks, mainly the hig four public sector banks, increased from \$3.7bn in June, 1981 to about \$5bn at the end of 1985

Anthony Walker

hodget deficit. If no agreement is forthcoming by the end of 1966-a situa-tion most senior Moroccans believe they will not have to



Beyond the austerity mea-sures announced by the new Prime Minister last August, not-ably a 10 per cent devaluation of the dinar and a series of cuts in

public spending, a number of major economic reforms are being promoted. The govern-ment has decided to reduce the maximum tariff level from more than 100 per cent today to 50 per cent by 1997 and 25 per cent by 1991. Prices of industrial products

will be progressively freed, about one third of all such goods benefitting from this measure in 1986. Imports for a wider range of companies which export more than a quarter of what they produce will also be free, These difficulties come on top of criticism voiced by the World they produce will also be nee, one of a series of measures destined to encourage exports. Such measures are certainly needed to encourage companies which had been set up in the framework of import substitu-tion rather than with a view to Bank about the mauner in which the Tunisian economy is managed. It drew attention to managed. It orew attention to large wage increases in the early 1980s thet were not matched by productivity gains, a growth in consumption that

tion rather than with a view to competing in international mar-kets. Many companies owe Tuni-sian hanks so much money that they could not possibly repay the funds—thua also adding to the problems of many Tunisian hard

finance and planning, M. Ismail Khelil and senior Central Bank officials have worked fast with tha IMF and the World Bank: a \$150m loan to restructure cer-tain industries and help main-tain a vital flow of imports has already been signed and a second one devoted to refor-ming the farming sector is Tunisia will be allowed to draw the first tranche of its The role these older banks

The new hanks set up with private Sandi capital are hring-ing more modern assessment criterion when funding new projects but even they will find it difficult to grow if the many reforms now being initiated are not successfully implemented.



Tangier in Merocco, in the threes of loan negotiations with the IMF

The political turnoll Tunisia WZali whom he sacked in July as witnessed these past ten and who fied last September. has witnessed these past ten months is not calculated to belp the authorities. President Hahib Bourguiba has decreed a campaign against corruption which has already elaimed a which has already examed a number of prominent victims among the family of his second wife Madama Wassila Ben Amar, whom be divorced last August and that of his former Prime Minister, M. Mohammed

SALE OF

The political uncertainty which results from the disgrace of two such prominent politi-cians does not help the business climate and only makes the task of those entrusted with manag-ing and reforming the Tunisian economy more difficult. U

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Francis Ghiles





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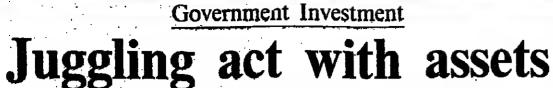
2.5° - 44



growth in consumption that until last year was greater than that of gdp and investments that were too capital intensive. Despite all tha political tur-moil the coonty has witnessed this year, the minister of finance and planning, M Ismail Whall and some Cambo hanks



ARAB BANKING 5



IN THE last two years the Gulf eil producers have been perfor-ming a financial balancing act. Economists outside the region Economists outside the region have been claiming that they places were running into tens of have been running down their foreign assets, whila the coun-tries' central banks and finance ministrias have been protesting that they have kept their hol-All the governments have made substantial drawings on protestations are true. They to the dollar--though their currencies are more or less tide

their assets but probably thair currencies are more or less tied protestations are true. They to the dollar-though there been have been able to make up the been a few recent devaluations. sums they have liquidated by This means that on their dollar capital gains on the bond and assets they have locat nothing or equity markets in dollar terms in the the smaller sums they hold in past 12 months has been about European currencies and tha 40 per cent, which means that the oil producers may actually gains. bave increased the value of the question new arises their assets.

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Their gains have been maxi-mised by the fact that they made their biggest bond purchases in the early 1980s, when their sur-pluses were running into tens of billions of dollars and bond coupons were hitting 17 per cent The total official boldings of

the total official boloings of the main Gulf oil producers— Saudi Arabia, Knwait, Abn Dhabl and Qatar...at the and of last year were estimated to be about \$200bn. This figure excluded loans to other Arab and Third World governmentsparticularly Iraq-and in Kuwait's case in the capital of government corporations, which the state sometimes includes in the figures it gives

for reserve assets. The figure is tentative, because the governments sel-dom release information offi-cially. The data available to international organisations, such as the IMF and BIS, is eal; and the Gulf cou

possibly bond prices will put tries' balance of payments tham in a very unhappy position statistics do not always record if they continue their drawings the repatriation of external next year. OATAR'S boldings are believed to be around \$10bn. This figure excludes the country's foreign exchange reserves, which are managed by its central bank and the repatriation of external assets, when this occurs. Similarly official budget projec-tions in some conntries ignore which approached \$400m at the end of 1985. It also excludes investment income.

investment income. Nevertheless, by assembling the evidence scattered in the markets, it is possible to develop a reasonably accurate Inter-Arab loans. The Government runs a budget deficit — officially foresnapshot of the state of the four countrias' investments. Of the four governments Saudi funded by dipping into the Arabla bas pursued the most country's investments. An

Arabia has pursued the most cautious investment policy. The others have increasingly mancountry's investments. An adviser to the Qatar Investment Board, the government agency which directs the investments, asserts that there has not been aged their assets on a global basis-looking beyond the US and balancing tha quality and yield of paper against currency mucb drawing down of boldings; nor has the development of the factors and o capital growth. and opportunities for

massive resarves of non-associ-ated gas in the offshore North Field been a drain on the coun-**Richard Carswell**

try's financial assets. The deposit component of the Board's investments bas been important, and the rates of interest accrued have been "excellent," in the words of the same adviser.

Uatar

Investment

Board

income-yielding

The board consists of Sbeik Abdul-Aziz bin Khalifa, the Abdul-Aziz bin Khalifa, the Minister of Finance and Pet-roleum and eldest son of the Emir; Abdul-Kadar Qadi, Dire-ctor of Finance of tha Ministry; Dr Hassan Kamil, the Govern-ment's long-serving legal adviser; and Issa Kawari, tha Minister of Information and an adviser in tha Emir's private office



SAUDI ARABIA'S assets are managed by the Kingdom's cen-tral bank—the Saudi Arabian Monetary Agency (Sama)-on behalf of the Ministry of Finance. It has among its advis-ers staff of Merrill Lynch and Barings. Sandi Arabla has incurred a

budget daficit since 1963-4. Despite severe cuts in expenditure, it suffered a sbort-fall of about \$11bn in 1985-86. Because, on principle, the Kingdom does not borrow on capital markets not borrow on capital markets or from official bodies such as tha IMF, the country's deficits have been financed by recourse to its foreign assets. A measure of tha use of its reserves can be seen by compar-ing 1982 to tha present. Four years ago the Kingdom's assets ware \$150bn; today they are

its assets in dollars, in the early 1980s dollars made up between two-thirds and three-quarters of its investments; most of tha rest were beld in Deutsch marks and yen, mainly government notes. Dollar boldings have since decreased, but it is thought by

The Board also hes foreign advisers who attend its quarterly meetings. It issues instructions through the investment division of its finance freedom to pursue the best department, which is adminis- return on the assets under their tered by the Controller of Investments. The Board's instructions are

passed to its fund managers estimated to number 15 to 20, Traditionally the board has adopted a mora cautious policy than the Kuwait Investment Office, not trading actively in investments is not known but assets nor building strategic was thought to be approxi-stakes in companies. Within its mately one-third/two-thirds in

estimated to be less than \$90bn-an annual decrease of

\$15bn, or \$1.25bn a month on average. Actual drawings have been greater, because the King-dom has spent all its income

foreign exchange reserves of a central bank. Their assets, which are included in the ovar-

all totals, were thought to be \$30bn at one point in 1983, drop-ping to \$15bn in 1985. They functuate according to the needs

of the private sector, the reserve holdings of commercial banks in the Sama and drawings on the accounts of the various state agencies, such as Aramco and Petromin, which bank with

Of the four Gulf countries Saudi Arabla has traditionally

bald the highest proportions of its assets in dollars. In the early

Sama.

and capital appreciation. Sama bolds the nsual liquid

broad guidelines on the relative weighting of currencies and investment instruments, fund managers bave considerable direction. Fund managers, who are

usually from well-known international banks and investment companies, manage assets composed of single currencles, The precise division between liquid funds and commercial investments is not known but

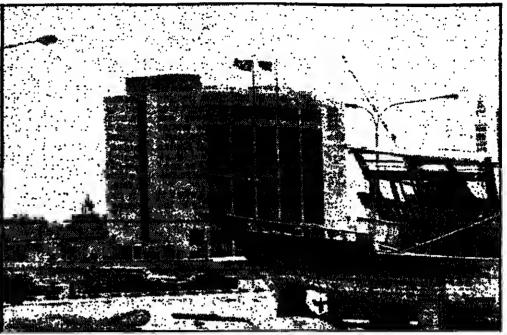
Of the Board's commercial investments nearly all are tradeable securities: equities, bonds and other fixed income securities. Most equities are in different sectors in the US, West

V

Germany, Japan, Britain, Switzerland and Holland — usually in sound, non-specula-tive undertakings. Liquid funds are held mainly

in the dollar but also in Deotschmarks, yen and sterling.

Richard Carswell



The British Bank of the Middle East in Doha, Qatar

by moving out of dollars into other currencles. The extent of

this diversification is thought to

have been less than by its neigh-

Saudi Arabia has a mncb lar-

ger population and a lower per-capita income than the other Gulf countries. Its current

term instruments: bank daposits and certificates of

deposit maturing within threa

not very much. The Sandl riyal is normally pegged to the doliar—though It was devalued against the US currency in June by 2.7 per cent. The dollar's own declina bas brought about a further fall in tha riyal in trada weighled terms. Evidence in the markets hava indicated recently that Sama has reacted defensively by moving out of dollars into to 12 months; short-dated gov-ernment securities of three ernment securities of infee years or less, specially US gov-ernment notes (perbaps a third of its total assets); and only a small proportion in corporate bonds and equities. A high gness for equity boldings would be \$50n. be \$5bn.

be 550n. Maturities have shortened since 1983, when Sama began to withdraw part of its reserves to meet the requirements of the Kingdom's public sector deficit. Differences are said to bave persisted between the Ministry persisted between the Ministry of Finance and some quarters in Sama over the function of the Kingdom's assets: should they be regarded simply as a budget-ary safety net, as the Finance Ministry would like, or be invested more adventurously and used as a means of earning income and nyoriding a livelibudget needs are therefore greater. Sama has been forced to treat its reserve assets less as a "beritaga fund " and more as a source of public expenditure. and used as a means of earning income and providing a liveli-hood for its citizens in the future, whan the country's oil runs out or is no longer at a valuable premium? For the time being it seems that the Finance Ministry's views have provided The anthority's investmant policy has usually been safe, and its portfolio not noticeably active. Sama has tended to keep its assets in short and mediumprevailed

Richard Carswell

The Central Bank in Abu Dhabi ated earlier this year Abu Dhabi dealt with its short term equities has generally been a cash flow problems by borrow-ing from the National Bank of Abn Dhabi (NBAD), often over-night. Neverthless, ADIA officials admit that the dethor.

from capital gains in the world's financial markets.

name of the Federal Govern-ment of the United Arab Emirates. Of those emirates which have reserves, each controls its own. The only emirate which is ing in and out of instruments and currencies in search of the sarplus is Abu Dhabl, which is the principal contributor to the UAE's federal budget.

Abu Dhabi's reserves are managed by the Abn Dhabi Investment Authority (ADIA), which rarely releases informacent.

admit privately that the Anthor- ADIA's purchase of a 12½ per ity has benefited considerably cent stake in Reuters. (This bolding has since been reduced.)

There is evidence that ADIA is an aggressive player, switch-ing in and out of instruments and currencies in search of the account and through internatio-nal banks; it also acts via the NBAD, of which it owns 75 per

more of its investments are now. in equities than in previous years. Yet, according to an executive of an international bank in Abu Dhabi, at the beginning of the year the anthority moved out of equities into bonds and cash deposits.

the UK branch was originally intended as an experiment. Given the decreasing import-Given the decreasing import-ance of sterling in ADIA's investments, the Authority may repatriate some of the London portfolio to bead office. Of Abu Dbabi's total funds, about balf are believed to be managed within ADIA, tha other balf by international banks. Investment managers have room for discretion within

Calculating the proportion of

US in A TEOLES

Calculating the proportion of banks. Investment managers currencies in ADIA's total have room for discretion within investment portfolio is hazar-flexibla guidelines. They are dous. Local bankers estimate not restricted to managing that the dollar currently makes single currencies. ap over half tha portfolio. Until recently Abu Dhabi bas commodities; local and Arab investment departments: real estate and because of the long-term secur-ity of the US economy and the link between the dirham and Ayear ago it was rumoured that the dollar.

to the public tion to the public. Last year ADIA announced that its commercial reserve totalled \$17bn. At the time local financiers reckoned that the amount was more like \$20bn to \$25bn, excluding inter-Arab loans. They balieve that \$25bn is till an accurate figure

toans. They believe that scool is still an accurate figure, although they point out that it partly depends on the evalua-tion of ADIA's boldings of gold. ADIA is known to have bought metals at the top end of the market and to have beld on to

State State Street

Abu Dhabi

investment

Authority

THERE are no reserves in the

Abn Dhabi has incurred a Abin phan has hattited a deficit on its badget since 1982—about 40 per cent of expenditure is devoted to fede-ral needs. It has diverted some reserve income to meet the deficits. As oil revenues fluctu-Japan.

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KUWAIT'S total reserves, man-KUWAIT'S total reserves, man-aged by agencies of the state's Finance Ministry, were reported at the end of the finan-cial year 1964-85 to be just under \$80hs; they are now prob-ably about \$85bn. Those totals exclude soma \$25

Those totals exclude soma \$25 to \$30bn worth of capital in state-owned companies (such as Knwait Airways) and loans to other governments. (Loans were thought to be just over \$8bn at the end of 1984). The totals also exclude foreign exchange reserves, held by tha Central Bank, currently running at about \$4bn.

about \$4bn. These figures are similar to those quoted in 1983-85. They suggest little change in the suggest little change m the country's reserves in real terms, despite tha liquidation of some assets in 1983-85 to pay for the Souk al Manskh collapse. (These liquidated reserves should have been reflected as inflows in the balance of pay-ments forume but were not) backed by

ments figures but were not.) The compensating factor has been the gains made in the world's bond and equity markets. Forecasts of the 1986-87 budget ontium vary from an overall balance to e deficit of

each year. Its income is automa-tically reinvested, and its assets cannot be tonched until the next

The country's reserves are divided between the SGR and

from the US, Germany, Switzer-land, Japan and Kuwait.

century.

country? Out of the 546 banks in the Square \$2bn. The officially projected deficit is \$3.77bn. However it, does not take account of invest-ment income on the revenue side, nor the earmarking of revenue for the Beserve Fund Mile, only one is supported by every Arab country. It gives us the edge when it comes to arranging Project Finance in the

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Unlike the Knwait Investment Office, ADIA is net thought to bold large amounts of equities. It is believed to be considering increasing its direct invest-ments. ADIA and the Abu Dhabi National Oil Company (ADNOC) already own the International Petroleum Investment Corpora-

tion as a vehicle to secure a greater share of the down-stream oil market, particularly in tha US, Western Europe and

have fallan from thair peak in a reflection of the Authority's 1964 and the dollar has declined dissetisfaction with the overall in value on a trade weighted return on its investments. basis, the incentiva has been for ADIA to move into other curren-been confined to the bonds and been confined to the bonds and ADIA to move into other curren-cies. The likelihood is that the have been strengthened by the Authority moved strongly into addition of assistant managers yen last year and into Deutsch ADIA's board consists of marks and Swiss francs in 1986. Sheikh Khalifah bin Zayed, Abu

marks and Swiss francs in 1986. Sheikh Khalifah bin Zayed, Abu ADIA officials concede this and Dhabi's beir apparent; Mr some London banks claim that Ahmad Snwaidi, a personal at some points this year the adviser to tha UAE's president; Anthority's dollar boldings have Sheikh Surour bin Mohammad, been below 10 per cent. Sterling's comparatively Bank; Sheikh Tahnoun bin disappointing performance has Mohammad, the governor of Al Ied ADIA to reduce its holdings Ain, and Dr Mans Al Otaiba, the of the currency to a minimum. Federal and Abu Dhabi Oil

The Authority's sterling assets Minister. are managed by its London office and the establishment of Ri

Richard Carswell

RFFG. Because of its statutorily Most of the assets that are guaranteed growth, the RFFG now adds up to more than half of Kuwait's total reserves. At the earmarked internally as being part of the RFFG are managed by the KIO. They are spread between equities and bonds in the main, but also include prop-erty and direct investments in commanies. end of 1984-85 the RFFG was reported to be worth over \$40bn. The commercial assets of the SGR and RFFG are managed by companies. the Kuwait Investment Author-

Three bolding companies in particular are owned by the KIO in Britain: the St Martin's Group (property); the Hays Group (oil ity (KIA). This began to operate fully from 1984 and is responsi-ble to tha Finance Minister, Mr Jassem al Khorafi. The KIA's board consists of the Finance Minister, tha Oil Minister, the Governor of tha Central Bank, the Under Secret-ary of the Finance Ministry (all

ary of the Finance Ministry (all company. exoficio) and three others, Geographically tha spread of including Dr Fahd Al Rashid, Knwait's assets range across the the Anthority's managing direc-world and includa shares in tor, and Sheikh Fahd Moham-Hoechst (held by tha Kuwait Hoechst (held by tha Kuwait

KIA in Knwait. In practice the London office pursues its busi-ness with a degree of independ-and Japanese portfolios in tha tion, partly due to its Chairman, Shelkh Fahd.

stantial amounts of foreign securitias were sold and bought back immediately in order to realise a capital gain. (The Authority, which has in turn operation increased its local staff. future R The KIO bas generally released secured a better return on its widely.) operation might be reflected in future RFFG figures; they are released but not published

investments than the internatio-The exact weighting of instrunal banks which handle the rest ments and currencies invested of Kuwait's commercial assets. in by Kuwait are an offical sec-Working on its own account the ret-though the proportion of KIO responds more rapidly to dollars is known to fluctuate for Future Generations (RFFG). The RFFG, which was estab-lished in tha mid-1970, is allo-cated by law a minimum of 10 assets. They manage portfolios per cent of current revanue in their local markets and are each year. Its income is automa-directly responsible to the table markets and its costs are lower. markets, and its costs are lower. The banks handle about half between 25 to 40 per cent. Most investments baye tended to tha long term with no large funds on deposit. Bnt lately all portfolios bave been required to retain a directly responsible to the authority in Kuwait. They include soma of the obvious, best-known names, principally certain proportion liquid because of budgetary needs.

Richard Carswell

tor, and Sabah, the chairman of Petroleum Corporation), Daim-the Kuwait Investment Office ler-Benz, Metallgesellscbal, (KIO). The Kuwait Investment (bought originally by the Minis-Office, set up in London in 1964, try of Finance). These shares is under the supervision of the are assigned to the RFFG. KIA in Kuwait In practice the Losdon office pursues its busi-pers with a degree of independ.

Sheikh Fahd. officially acknowledged by the Nevertheless, in the early Finance Ministry. But it is known in Kuwaiti banking circles, for example, that during the summer sub-1980s, there was domestic par-liamentary criticism of the K10 and that contributed to the establishment of the Anthority. Moreover, some of the KlO's functions are thought to have been moved recently to the



The British Bank of the Middle East

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ARAB BANKING 6

Kuwait Expensive solution to a crisis

AT THE end of Septe Buler of Kuwait appointed a new Governor of the Central Bank, Sheikh Salem Abdul-Aziz al Sabah. His job is to imple-ment the Government's prog-ramme for the solution of the

VI

coontry's banking crisis. Nobody outside official cir-cles knows exactly how serious the crisis is because the banks are reinctant to talk about figures, but a widely accepted estimate is thet the hanks have non-performing loans of \$4 to \$6bn in a total loan portfolio of

\$18bn. Sheikh Salem, who before his promotion was Deputy Gov-ernor of the Central Bank, is young, extrovert and lively. Ha has a reputation for tact and charm in his dealings with tha banks; he is at ease in public and, on occasions, he enjoys talking to the press. He is o sharp contrast to his predecessor

predecessor, Abdul-Wahah Tammar, who became Governor of the Bank in 1983, after many

years in which he had been bead of the Kuwait Foreign Trading Contracting and Invest-mant Company. Tammar is an eustere, retiring character, who had a reputation for being fair but extremely tough in his deal-ings with the banks. in his attempts to find a soln-

In his attempts to find a solu-tion to their problems be dealt with them "by the book," as a banker in tha state pot it recently. In bankers' gossip he was often accused of "making war" on them war" on them. The change in personalities at the Central Bank is important

the Central Bank is important because it follows a change in Government policy on dealing with the dabt crisis. From being harsh, the Governmant has decided to resolve the matter with a soft, generous approach, and the appointment of Sheikh Salem—whose technical qual-ifications are every hit as good as his predecessor's—symbol-ises tha change. It also hoppens that Kuwait is now being ruled directly by the

Sabah family, since the Nation al Assembly, which acted informally as an ally of Tammar, was dissolved in July. The soln-tion adopted to the debt crisis is very much a Sabah one—It is being said in the state that soci-ety has traded political freedom for a large sum of Government money—and it seems logical in this case that there should be a Sabah at the Central Bank to supervise the process.

The crisis now being resolved had its origins in the crash of Kuwait's unofficial stock exchange, in the Souk al Man-akh car park building, in September 1982. The market traded shares in Knwait.owned September 1982. The market traded shares in Knwaiti-owned offshore companies, many of which had no assets opart from inflated stock in other com-panies. Credit for huyers was created through the issua of post-dated cheques, which et the tima of the crash were found to total \$92°h

to total \$92bn. It took two or three years to resolve the chain of debt that banking crisis. The whole epi-

resulted from the crash because sode has done much more dam-the Government was never will- age to Kuwait than the Iran-Iraq ing to force e comprehensive war, which has curtailed a settlement which would have flourishing re-export trade, or led to the bankruptcy of impor-the drop in oil prices.

led to the bankruptcy of impor-tant people. For much of the tima it approached matters on a case by case basis, tailoring there have been two views on what should be dona about it. tant people. For tima it approached matters on a case by case basis, tailoring solotions to the needs of indi-vidual major debtors and the circle of peopla which deait with them. Tobas were being tant people. For time have Deen the what should be dona about it. The soft-line party, which has favoured the use of public funds, not surprisingly has been made up of the debtors them-calwas, who include members of the back of the people. The soft-line party which has favoured the use of public funds, not surprisingly has been made up of the debtors them-calwas, who include members of

while the debus were being unravelled nobody knew who was solvent and who was poten-tially bankrupt. Peopla who were owed money by the former speculators were sucked into the crisis. Trading husinesses' turnovers slumped. Many of the smaller financial institutions in the stata stopped functioning. Businessmen who had never tooched the Souk al Manakh foond thamselves unable to

repay thair loans. In effect, while it was being resolved, the Sonk al Manakh affair turned into a national

insisted in a most un-Arabian fashion on the separation of position and self-interest; bank directors who were indebted to their banks were forced to TESIST Now all of these arguments hove become somewhat academic since the Ruler dissolved the National Assembly in July, and a little later published

window-dressing their balance sbeets at the end of the year,

prevented them from putting unpaid interest into their balance sheets, and forced them

by decree the Government's generous package for the resolution of the crisis. Abdul-Wahab Tammar offered his res-ignation immediately and had it selves, who include members of the Sabah family, and tha banks', directors and shareholders. cepted in the middle of directors and shareholders. These people have argued that the years of crisis have traomatised and divided Kuwaiti society and that the dehts have to be approached as a political and social question. They have been talking of the need for reconcilation and the healing of wounds. Ranged against them has been an nnspoken alliance of radi-cals and nationalists of the September. what the Government has What the Government has done is decree an extremely charitable rescheduling opera-tion. It came into operation at the beginning of September and it is supposed to have been implemented by the end of the year. But even so, the chances of all six hanks reaching settle-

ments with several thousand independent-minded, sensitive, cals and nationalists of the Assembly and serious western-educated technocrats not least Abdul-Wahab Tammar. All of opportunistic and cunning Kuwaiti debtors in the space of

these have argued for a tongh solution which would oblige the banks and their dehtors to face the consequences of their mis-jodgments. the consequences of them may jodgments. The political group in this alliance has been motivated partly by a desire to save public money and partly by its old joy of annoying the ruling family. It has felt that although some public money should be used to resolve the crisis it should be channelled to those who need it

The technocrats have favoured a painful solution becaose they have felt that in the long run it would make the Kuwaiti banking community stronger and more responsible. Abdnl-Wahah Tammar antagonised the banks with a series of instructions which in any place outside the Arahian Peninsula

would seem normal

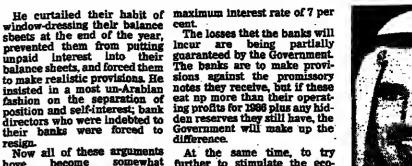
• Those dehtors who have some cash flow are to reschedule their dehts over 15 years, with a

Kuwalt Banks' Performance (KDM)

	Assets 1984	Assets 1985	Advances 1985	Contras 1985	Profits before distribution 1985	Return on average assets 1985 %	Earnings per share (of KD 10 nominal value) 1985	Cash dividend 1985	Total equity 1985	Nos of shares 1985	Value per share based on equity 1985 (in KD)
National	2652	2590	1150	614	23	0,9	0.4	11.6	201	58m	3.5
Commercial	1813	. 1636	970	340	_				126	·37m	3.4 3.8
Gulf	1882	1821	998	324	_	_			156	40m	3.8
Alahli Bank of Kuwait and the	1593	1512	778	279	3.9	0.3	0.12	1.6	117	31.5m	3.7
Middle East	914	875	544	121	1.5	0.16	0.06	_	80	25m	3.I
Burgan	944	999	· 543	83	_	_	_	_	152	51m	3.0

written off

tral Bank

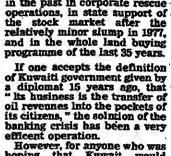


further to stimulate the economy and restore confidence, the Government has intervened in the official stock market (which had already been boosted by the dissolution of the Assembly) and in what remain of the unofficial market. It is also bringing up to date its payents for land purchas

Before the present settlement the Government had spent obont \$8bn on clearing np the Souk al Manakh disaster. This money wes split between stoci money wes split between stock support operations, a fund to bala out "small" investors (with less than about \$6m at stake on Manakh), and the purchase from bankrupts of holdings in companies quoted on Manakh, which are inaccurately referred to as "closed shareholding companies."

four months is remote. The Government's package divides debtors into three cate-The Government now seems liable to spend up to a further \$6bn compensating the banks for their losses, plus whatever additional sums it decides to gories. • Those who have no cash flow and no assets are to sign 10-year promissory notes, yielding a zero rate of interest. During the 10 years, if the bank can find assets abroad or if the dabtor inherits money, the bank will be invest to support the stock mar-ket. In practice Kuwaitis think that the Government will spend a lot less or a lot more than \$6bn - depending on whether they are pro or anti the new settle-ment. repaid all or part of its loan. If not the promissory note will be The optimists argue that the

The optimists argua that the injection of state money will lift everyone's confidence, revive the markets and get the eco-nomy growing again. The stocks and land that make up the col-lateral for tha debtors' bank loans will rise in value and enahie banks to recover much of their money. They will not have to write off their promissory notes and tha Government will not have to compensate them. At · Those who have no cash flow hut soma assets will sign a morthut soma assets will sign a mort-gage agreement for the assets and promissory notes for the balance—as above. If the banks want to sell the assets at any point or work out a compromise solution with a debtor they have to ask the permission of the Cennot have to compensate them. At the same time the Government



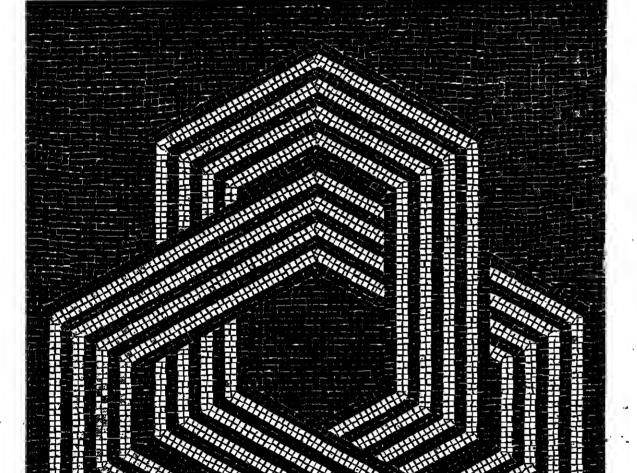
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eter

efficent operation. However, for anyone who was hoping that Kuwait .would develop more on the lines of Important international finan-cial centres in future, and not be just an interesting, quite sophisticated hut rather extraordinary source of capital, the result is a disamonistment. the result is a disappointment. The banks and their customers bave not been forced to behave as they would in other markets. Even staunch defen-ders of the soft solotion accept that it has done nothing to prewhat he same cycle of specula-tion and slump happening again, if the economy picks up, in five or 10 years.

* 20 MAY 184 11

Michael Field



Financial Times Thursday October 23 1988

He curtailed their habit of maximum interest rate of 7 per



will be able to sell its new shares - at a profit.

But eccording to tha cynics it will take more than e paper settlement of the debt problem to revive the Kuwaiti economy and meanwhile the size of the banks' had debts will increase. hanks' had debts will increase. As a manager of one of the banks puts it, "nobody has an interest in being solvent any more, and if people can get eway with not paying their debts, they won't pay."

It is suggested that the voluma of bad debt being indirectly guaranteed by the state might rise from \$4bn to \$6bn to, say, \$8bn to \$10bn.

In the end it has been a classic In the end it has been a classic Kuwaiti solution; the state is paying and Kuwaitis are gain-ing. This is what has happened in the past in corporate rescue operations, in state support of the stock market after the relatively minor slump in 1977, and in the whole land buying programme of the last 35 years.



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Finance centre in search of role

Bahrain Offshore Banks

BAHRAIN IS an offshore finan-cial centre in search of a role. Its roisons d'etre in the 1970s and early 1980s have faded: the lending boom to companies in places like Saudi Arabia and tha UAE has ended in tears and a heap of bad debts; syndicated lending has just gone out of fashion; and the mouey markets and newer forms of capital mar-ket have flourished elsewhere in the meantime. Just about all the Offshore Banking Units (OBUS) in Bahrain have cut staff — some of them drastically — in tha last two years. Some foreign banks, including Security Pacific, Overseas Trust Bank, Brazil's Banco Commercial and Bei-gium's Kredietbank have closed OBUS, representative offices or investment banks. The number of active dealing rooms is estimated to have

investment banks. The number of active dealing rooms is estimated to have halved since the heydays of the local money and foreign exchange markets. This is partly because the market in Saudi riyals has been discouraged by the Sandi euthorities (though they appear to be more relaxed obout international trading in the riyal these days), and partly heccuse foreign exchange husi-ness in general has tended to concentrate itself in a few very liquid trading centres — espethat will stay. Whether or not some are merely retaining a token pre-sence, the number of overseas banks still listed in Bahrain is impressive: a total of 71 OBUs, 16 investment hanks and 63 rep-recentative offices resentative offices. resentative offices. In another sense, Bahrain is merely an extreme example of what is happening in hanking tha world over, with the march of glohal trading and tha move to off-balance sheet activity. The shift certainly involves a reduction of the ast reduction - at least for the time heing — in Bahrain's financial amhitions.

concentrate itself in a few very liquid trading centres — espe-cially London — as a result of advances in communications. At the same time, some locally-incorporated OBUs are spreading their wings by satting up investment subsidiaries and conital market operations in the "At one stage, in the begin-ning, Bahrain almost had a chance of being a major international financial centre," up investment subsidiaries and international inancial centre," capital market operations in the said one seasoned local benker. West. These can take the form of "But the whola trend of tha joint ventures with foreign world market has gone against banks, like the investment hank that." being set np in Geneva by But there are banks which Bahrain Middle East Bank in still see opportunities. Four conjunction with Bank Leu, or licences have been issued this of wholly-owned sohsidiaries year for investment banking or like Arah Banking Corpora- representative office opera-tion's strengthened securities tions, including Australia's trading and corporate finance rapidly expanding Elders group year for investment banking or arm in London and a Japanese-Arab group cal The Bahraini Government is led Okasan International inderstandably worried. It has Robert Fleming, the UK merunderstandably worried. It has devoted considerable efforts to chant bank, is another relative building up Bahrain as an new international banking centre Wh since 1975. It bas set great store have What is more, the authorities have moved decisively to tackle what had been widely seen as some of the major drawbacks of by the employment provided for educated Bahrainis by offshore operations — only to see the number of people working in the banking sector as a whole shrink by at least 10 per cent in the last two years to the current local of accound 5 000 doing business in Bahrain; the high cost of establishing and operating an office, and the excessive amounts of red tape involved. Over the last 12 level of around 5,000. nths or so, the Governmen The downturn is not really any fault of its own. And the has: • Cut employers' social security contributions by a third and reduced municipal taxes by a high-profile departure of some foreign banks has occasioned

lesser amount;

Slashed telecommunication

charges a major cost item for international banks by some

Promised to be more flexible over "Bahrainisation" of bank

staff and over the issuing of work permits to expetriates.

Coupled with the sharp fall in rents that bas accompanied the

economic slowdown, that prob-

deep irritation, with the Gov-

ernment warning those that do withdraw that they cannot expect to be let back in if and when the good times return.

Yet none of this should in

ltself be o cause for despair. In e sense, as Bahraini officials now

acknowledge, what is happen-

ing there is a occessary correction after the years of often unwise and speculative lending.

As for capital markets, all but ably amounts to an overall reduction of between 20 and 25 per cent in the cost of maintainthe higgest local OBUs (ABC and GIB) may well find it diffiing an operation in Babrain. Tha real underlying problem for the future, though, lies else-where: in tha limited range of and Grab may went find it diffi-cult to compete internationally, and—in spite of the good inten-tions expressed by Gulf govern= ments—a regiocal capital mar-

financial products on offer in the Bahraini offshore communket has not begun to take shape. Financial confidence still the Bahraini offshore commun-ity. Many banks are holding back from new lending because they hava had their fingers hurnt so badly in Sandi Arahia; soma spend most of their time chasing had debta. Their hands are tied in developing a proper customer base because of thair legal status as offshore units. One locally incorporated OBU, Galf International Bank, has ventured into the unit trust business this year for the first time with a dollar money mar-ket fund; but otherwise this is rinancial confidence still needs bolstering after the terri-ble knocks it has received in recent years from Kuwait's stock market troubles, the Gulf war, and the economic down-Portfolio management is another matter, and is one of the things that is continuing to attract foreign banks to Bahrain.

Babrain. But for the moment the locally-incorporated OBUs are devoting most of their time to consider what to do with their time with a dollar money mar-ket fund; but otherwise this is an art in its infancy. With the exception of GIB and Arah Banking Corporation, other locally-incorporated OBUS-principally Kuwati-owned are finding it tough to decide what they should be doing. consider what to do with their own shareholders' capital, let alone that of other individuals. Bahrain International Bank, United Gulf Bank, to some extent, Knwait Asia Bonk have set ont to Invest the capital they have at their disposal on West-ern markets.

doing ern markets. The Kuwait and Bahraini

doing. "All the OBUs have been asking themselves where they are going to be in five years' time," said the manager of one of them. "I donbt if any of them have an answer yet." Many talk of developing their anthorities have urged all or some of the local OBUs to con-

some of the local OBUs to con-sider merging to cut costs, strengthen their capital base and reduce doplication of acti-vities. But by itself, such a more will not answer the funda-mental questions about the future of Bahrain as a banking centre. investment or merchant bank-ing operations of hranching into corporate finance and man-agement consultancy. But much of this talk sounda like an idea ahead of its time in the Gulf. centr

Andrew Gowers

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LONDON AND ARAB **INVESTMENTS LIMITED** Are pleased to assounce as increase of Authorised Share Capital to £12 million, of which new and existing Shareholders have already subsoribed £5.4 million (fully puid-up). In addition, the new and existing Shareholders have agreed to subscribe, by 14 November 1986, further Capital of £2.7 million which will make a total of £8.1 million Among the new Shareholders are Societé Bancaire Arabe, Paris, who have a 10% The undermentioned have been ap THE BOARD OF DIRECTORS Stairman and Managing Direct Forwardy: Chairman of Arab Ba Mr. Bachir Zoubeiri iger of Eu Mr. Maclasha Ja Arabe S.A. Mr. Robert de Seas Mr. Mahmood Kern Mr. Saeb Hotas Mr. Monaffac Ojjel Biracter Dr. Kansel Ali Salah brector Mr. Edwin Roberts Director and Company Secretary SENIOR MANAGEMENT Mr. Bachir Zoubeiri Mr. Aifred J. J. Stree Mr. Nigel R. Sutton 9th, Credit and ed Heaty per, Foreign Exc Mr. Ray Howell 30 Upper Grosvenor Street, London W1X OAM Telephone: 01-493 5012 Telex: 24350

ARAB BANKING 7

UAE Taking an interest in legality

interest is legal or illegal. There are several hundred-possibly are several hundred—possibly even one or two thousand— cases filed by traders who are demanding that banks repay them the compound interest they have been charged during the last five to 20 years.

If judgments were to go against the banks, and the Sup-reme Council of the rulers, the highest legislative anthority in the federation, were to rein-force the judges decisions by declaring compound interest. definitely illegal the result would be disastrons.

would be disaatrons. Recalculating the interest on accounts that go back to 1966, when Abn Dhabi began its development as a modern state, in some cases would involve the banks paying back 80 per cent of the total interest they have would leave—which might not be unwelcome to the author ities and some of the local banks, which traditioeally have charged higher rates of interest, would close.

All of the banks, no doubt, would react by claiming the repayment of compound inferent that they have credited

inferest that they have credited to their depositors. Fortunately it is more likely that the issue will either be resolved definitively in the banks' favour or will be allowed to linger for several more months or years and be left for the courts, the banks and borrowers to sort out among themselves.

banks.

Dhabi and three in Dubai. They have formed th Abu Dhabi Comhave formed th Abu Dhabi Com-mercial Bank and a bigger ver-sion of the Union Bank of the Middle East, which used to be owned by the Dubai merchant, Abdul-Wahab Galadari. These institutions have received gov-ernment capital and guarantees and cheap danositi. and cheap deposits.

At the same time the Middle East Bank, which made some bad loans in the period up to March 1983, when it was run by the Muslim Commercial Bank of Pakistan (not an Islamic bank), here been given and 2000 and 20000 and 2000 and 2000 and 2000 and 20

took place in April this year. More receetly, in the middle of this month, the troubled Bank of the Arab Coast of Ras al Khaimah, which had previously failed to conclude e merger with the First Gulf Bank of Ajman, wrote off a large part of its capi-tal, reducing it to just 40m dirhams (about \$12m). This is the minimum allowed for a bank in the UAE.

in the UAE. Ideally the central bank would like to see more mergers.

Several years ago it mentioned that 10 or 12 local banks would be ideal. It has reduced the numbers from 23 to 19, and for the time being it looks as if it will have to be content with this.

THE BIG issue that faces bank. The main changes of the last sion and e few of the banks' banking, and the courts have cial matter and therefore is not ers in the United Arab Emi- few years have involved the customers found themselves been told to eccept both simple within the province of a civil rates and particularly in Abu mergers under government unable (or unwilling) to repay and compound interest. Code. Dhabi-is whether compound anspices of three banks in Abu their loans. At that time the Matters in Abu Dhabi are control to entry in the control of the banks' banking and the courts have cial matter and therefore is not code. courts in Abu Dhabl sometimes gave judgments that excluded the repayment of any interest-compound or simple-from the amounts awarded to the banks. Then, as the recession deepened and the banks took more cases to court it became

the common, though not invari-able, practice for indges to accept simple interest but to exclude any element of com-pound interest from their awards.

In the last nine months or so In the last nine months or so this practice has encouraged e large number of small traders and contractors to sue their banks for the repayment of all the compound interest they have been charged during the have been charged during the lifetime of their accounts. They argue that if competitors who have got into difficulties, of who have pretended to be in difficul-ties, have been excused com-pound interest, why should they — healthy companies that are still contributing something to their economy — not be given the same favourable treatmeet? The most widely publicised

the same favourable treatmeet? The most widely poblicised cases of this type concern the Consolidated Investment and Contracting Company (CICON), which is sueing Grindlays Bank for the recalculation of interest on its account since 1968 and Paribas for recalculation from 1974. The case is regarded as being particularly opportunis-tic, because the General Manager of CICON, Faronk Tongan, is e director of Petra Bank in

themselves. The fact that it has arisen is ironic, because in most respects the UAE has been ahead of the other Arabian Peninsula states in resolving the problems of its banks. the UAE has been ahead of the other Arabian Peninsula states banks. the UAE has been ahead of the other Arabian Peninsula states banks. the UAE has been ahead of the other Arabian Peninsula states banks. the UAE has been ahead of the other Arabian Peninsula states banks. the UAE has been ahead of the other Arabian Peninsula states banks. the UAE has been ahead of the other Arabian Peninsula states banks. the UAE has been ahead of the other Arabian Peninsula states banks. the UAE has been ahead of the other Arabian Peninsula states banks. the UAE has been ahead of the ter arose in a minor way in 1982 and the hig merchant famil-enced the first effects of reces-lies — is itself much involved in

Some bankers believe that the Matters in Abu Dhabi are some bankers believe that the complicated by restrictions on entire issue of interest will soon allowabla rates of interest, be resolved in a decree issued According to clauses 61 and 62 by Sheikh Zayed, the ruler of of the state's Civil Procedures Abu Dhabi. It is suggested that Law of 1970, interest should not enceed 12 per cent on commer-pound interest will be legal if it cial and 9 per cent on non-comis agreed between the parties mercial transactions, unless the parties have agreed on a diffe-rent rate between themselves. (It is not said whether this refers to simple or compound whee they sign their loan. It may be pointed oet at the same time that banks have to pay com-pound interest when they take Abu Dhabi and federal govern-

It is not said whether this pointd interest when they take refers to simple or compound interest. Some of the judges dislike the fact that the law is so definite in accepting the principle of interest and there is eo doebt that they would like to change it. However, in the early 1980s, when there ware several judge-ments that threw out interest altogether, the courts were reminded informally of the law in a letter written to them by Sheikh Surour bin Mohammad, the Presidantial Chamberlain. A decision by the Abu Dhabi Court of Appeal in 1981 contro of the present the themselves. (At present the banks vary from 8 to 15 per cent.) The judge also decided that the rates epplied to simple, not compound interest.

Interest being charged by the banks vary from 8 to 15 per cent.) The judge also decided that the rates epplied to simple, not compound, interest.
This judgement has been infinential, bet because there is conformal system of precedent in Abu Dhabi (or in Saudi Arabia) a sudden disaster and having to erratic jedgements. There has been a law — the Federal From time to time banks will control are still liable to give a from time to time banks will control are still liable to give a from time to time banks will control are still liable to give a from time to time banks will control are still liable to give a sudden disaster and having to there will continue to be inconsidered and there will continue to the banks will be banks and a so forth. We can such these people—take disruptive air of meertainty. There has said, in effect, that all interest is illegal. This, however, has recently base disputed by a judge in a society as recently they have earned since the Abu bia) courts are still liable to give erratic jedgements. There has even been a law — the Federal Civil Transactions code of March 1985 — which has said, in effect, that all interest is illegal. This, however, has recently beee disputed by a judge in a court of first instance, who has said that interest is a commersaid that interest is a commer-

still, sue their banks for repay-ment will not be given more Here again, it is not the spoul, loans, and, no doubt one day fockless youth who has no job they will cry that the banks are and extravagent spending not supporting the local habits who is the bad risk-no sensible banker would consider

At this point those who have lending to such a person—but serious ethical objections to people near the top of the railing interest will turn to the Islamic families, in Abu Dhabl and else-

interest will turn to the liamic tamilies, in care where. ment will at last declare com-banking system. The Govern-where are many sheikhs who pound interest to be legal and simply ignore their overdrafts the banks, cantiously, will start lending again to a few of their delingnent borrowers.

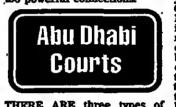
Michael Field of honouring their commit-



Sultan Suwaydi, managing director of Abu Dhabi Commercial Bank

The same problems epply with people who are close to impor people who are close to impor tant aheikhs. If a bank puts pressure for repaymeet on such a person be is likely to enlist the support of his powerful friends. There have even been cases of banks receiving telephone calls from members of aheikhs' staffs

from members of aheiths' staffs to tell them not to pursue their defaulting customers. The result is thet there are able people with ample capital and good business ideas who are not being given hank loans because it is felt that they have too powerful connections.



THERE ARE three types of courts in Abu Dbabi-criminal, courts in Abu Dbabi-criminal, Shariah (Quranic) and civil. The civil system is made ep of courts of first instance, the Abu Dhabi Court of Appeal and the Fede-ral Supreme Court. Shariah Courts: One goes to a Shariah court only with cases of family, estate and inheritance law-the last being extremely complicated in Mualim societies. The Shariah courts also deal with cases of criminal

also deal with cases of criminal negligence and, occasionally, with commercial cases.

The only matters excluded from their jurisdiction, by Pres-

idential decree, are banking

ments. Those that do pay beat eases—that is unless the litigant the banks down on their rates of is able to argue successfully interest. of credit, or some similar docu-ment, should be counted as a

VII

commercial issue. In the Shariah courts the judges are Islamic scholars, most from outside the UAE. There is no procedure, and as a lawyer put it recently "almost anything can happen."

anything can happen." When one presents oce's case one bases arguments directly on the Quran, the word of God as dictated to the Prophet Moham-mad, and the Hadith, the tradi-tions of the Prophet's actions and sayings compiled in the 200 years after his death. Civil Courts: The judges in Abu Dhabi's civil courts, like those in the Shariah courts, are mostly Egyptians, Sedanese and other non-UAE nationals. They base their jedgments, officially.

base their jedgments, officially, on the laws of Abe Dhabi and the Federation, but in practice their jadgments tend to reflect the legal systems they used to

know at bome. Procedure is much more for-Procedure is much more for-mal than in the Shariah courts. Litigation is a very slow process made np of many little steps separated by long adjourn-ments. All proceedings are in Arabic.

The outcome of e case is made less predictable than it would less predictable than it would be in Europe by the lack of any system of precedent. If the Court of Appeal or the Federal Supreme Court make an impor-tant jedgment they will influ-ence the lower courts but they will not bind them. will not bind them.

Michael Field

IT HAS been a difficult year for Egypt's banking sector which has had to cope with deteriorating economic circumstances, acute shortages of hard currency, and gover-ment policies in a state of flux. Bankers have been forced on to the defensive by Egypt's eco-nomie problams. Large doubtful loan portfolios held by almost all banks bave imposed much TU:

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Egypt

Stricter discipline on new lending

four" public sector banks — Banque Misr, Bank of Alexan-dria, Banque de Caire and National Bank — further extended their Islamie banking facilities. The local banking scene has

been treated in recent months to an almost unprecedented newspaper campaign in both the semi-official and oppositioe the semi-official and oppositioe press against the chairman of

Bad Loans

Dhabi Appeal Court judgement concert in a society as rich as of 1981. Contrary to what one might Those borrowers who want personal loans made to expatri-still to be credit-worthy when ates that the banks find are comes will make sure that they have to be and find are pay interest in the sure that they have to be and the sure that they have the sure that they have to be and the sure that they have the sure that the sure that the sure that they have the sure that the sure that they have the sure that the sure that the sure the sure that the sure that the sure that the sure the sure that the sure that the sure the sure that the sure that the sure the sure the sure the sure the sure the sure that the sure the s comes will make sure that they losses are made on loans to con-pay interest in the normal way. tractors, members of the ruling Those who default or, worse family and people connected Those who default or, worse family and people connected still, sue their banks for repay- with members of the family.

stricter discipline lending

Western bankers complain about difficulties in finding acceptable credit risks. Govern-ment directives and hard currency shortages have forced e crutailment of trade finan-

Opinions are mixed among foreign and local bankers about the future. Optimists suggest thet the worst is over, thet the banking system, after the boom years of the late 1970's and early 1980's, is undergoing an inevit-eble shake-out and will emerge better for It.

better for it. Pessimists say that the exter-nal environment plus Egypta own domestic ecceomic prob-lems will curtail profitability for the foreseeable future. In. the absence of a recovery in the



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e .

The National Bank of Egypt.

oil market, they say, banks are in for e long hard slog. Mr Ali Negm, the avancular Central Bank Governor, said in an interview that a review new being undertaken of bank results to the end of June 1986, was likely to indicate a further slowdown this year compared with last year. He blamed the reduction in ectivity of the

ineur status to join ventife institutions so they can deal in local currency as well, will not be allowed to do so for the time being.

being Banks which have sought a change in status include Credit Suisse, Middle East Bank and the National Bank of Abn Dhabi. Mr Negm revealed that Chase Manhattan had dropped plans to divest itself of its 49 per cent share in Chase National bank of Format

Periodic attempts by Govern-ment to draw these funds into the system have proved clesive.

and unofficial rate of exchange is just one of the problems. The lack of a vigorous interbank market is another.

market rate of the Egyptian pound Even before the introduction of new imports regulations in August, hard currency shortages and government measures such as a virtual ban on the importation of cars had forced a sharp reduction in imports.

environment caused difficulties for several of the less well-established Islamic banks.

Mr Negm revealed that etten-tion was being given to estab-Islamic trend in Egypt, the "big

ture Arab African International

Bank (AAIB). Mr Ibrahim El-Ibrahim, the AAIB chairman, has sought to counter criticism of his management of the bank which registered a \$96.9m loss in 1985. He argues that the bank was a vic-

AIB's paid ep capital to US\$300m. A further \$100m tranches is due to be paid next year. Egypt's 22 foreign currency branches whose bread and bot-ter is trade financing have all getting rid of two official rates and on domestic acconomic prob-lems. The Central Bank Governor said that Egypt's banking sector was presently going through a period of consolidation after the rapid growth of the past decade. While certain banks might have some short-term dif-ficulties, the overall health of the sector was good.

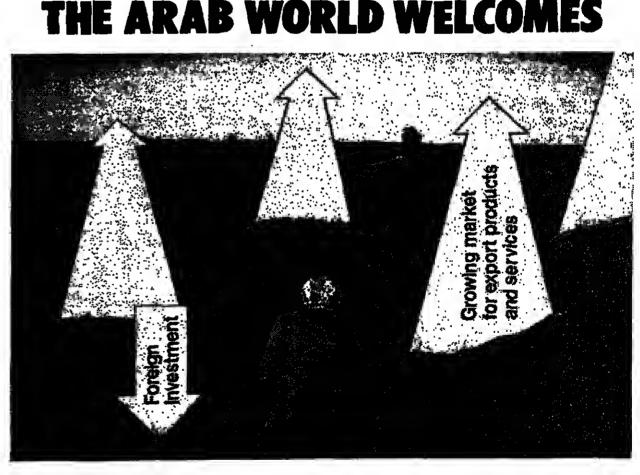
decade. While certain banks poind was based on concern ment rationalisation commit-ting it have some short-term dif-ficulties, the overall health of the sector was good. The attributed this in part to measures taken by the central bank since 1894. These include restrictions on bank lending to a measures taken by the central bank since 1894. These include restrictions on bank lending to for per cent of deposits. A furthar requirement limits len-ding to any one private sector borrower to 25 per cent of a banks. "We need no more banks," be said. "We are of the opinion that the present situa-tion is a good one." This also meant that foreign currency branches in Egypt who have been seeking a change in their status to join venture institutions so they can deal in local currency as well, will not be allowed to do so for the time

pounds against foreign currency deposits for speculative pur-poses had stabilised the free Barclays general manager, blamed in part Egypt's tax regime for tha 1985 loss. This precindes' offsetting losses

against tax liabilities. Mr Nabil Ibrahim, chairman of Banque Misr, acknowledged that the Egyptian ecceenty was going through a difficult period and this was reflected in the

nank of Egypt. The Egyptian banking system fell by about US\$2be from continues to be dogged by acute \$10.8bn in 1984.85 to \$8.9bn in foreign exchange shortsges, 1985.86 Egypt's trade deficit to partly because huge volumes of the end of June this year total-hard currency are traded led about \$5.7bn compared with through unofficial channels. Periodic attempts by Govern-ment to draw these funds into ment to draw these funds into mic banking sector results were debt and a relaxatioe oe a vir-the system have proved clesive. mixed. Faisal Islamic Bank tual embargo on new foreign The disparity between official experienced contineing strong borrowing. There would be no and unofficial rate of exchange growth. The negative business additional borrowing, said Mr brahm, until there was an arrangement with the DMF and with Egypt's creditors.

Anthony Walker



THE NEW BREED OF EXPLORERS.

he Gulf market can no longer be viewed through the narrow lens of traditional sources of revenue.

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